

ANNUAL BUDGET MTERF FOR 2016/17-18/19



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELE LOCAL
MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
k	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
	Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment

PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayors Report

Madam Speaker, we are addressing this House at a time when the world is confronted by rapid economic and environmental changes. The global economy has not yet fully recovered from the 2008 financial crisis. Global growth in 2015 was 3.1%, and is expected to rise to 3.6% in 2016, and 3.8% in 2017. However, South Africa's growth projections decreased from 1.3% in 2015 to 0.7% in 2016, and are projected to rise only to 1.3% in 2017. Our growth has also been limited by electricity supply constraints, the drought which is crippling our agricultural sector, skills shortage, as well as low levels of investment resulting from reduced business confidence and heightened levels of risk adversity towards emerging markets by global bond and equity investors.

Furthermore, currency depreciation has off-set any gains from the low oil prices, and is contributing to higher price inflation. This has forced the South African Reserve Bank to implement a less accommodative monetary policy, using higher interest rates to protect the currency, and ward off hyper price inflation.

The current conditions require us to do things differently and strive to achieve more with less to meet the needs of our people.

Madam Speaker, fellow executive and honourable councillors, allow me to put before this house the 2016/2017 to 2018 Medium Term Expenditure Framework Budget as follows:

METHOD OF PREPARATION

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 29 January 2016.

In terms of Section 24(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. The views from the community on the tabled budget were considered (Section 22 of the MFMA).

OPERATING BUDGET

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in the Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.: Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc. General Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated.

TOTAL OPERATING REVENUE BUDGET BY SOURCE 2016/17-2018/19

- Total revenue (Capital grants and capital replacement reserve inclusive) is R443,4 million in 2016/17 and increases to R493,5 million by 2018/19 due to increase in grants that will be received in the outer years.
- Revenue to be generated from property rates is R36.4 million in the 2016/17 financial year and increases to R41.7 million by 2018/19 which represents 9 per cent of the total operating revenue base of the Municipality and therefore remains a significant own funding source for the municipality. It remains relatively constant over the medium-term and a tariff increase has been factored in at 6 per cent, for the 2016/17 financial year.
- Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R57.6 million for the 2016/17 financial year and increasing to R58,4 million by 2018/19. For the 2016/17 financial year services charges amount to 14 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.
- Operating grants ó operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year and represents 43% of the 2016/17 total revenue budget.
- Capital grants - MIG and INEP included in the revenue budget represents 30 % of the 2016/17 revenue budget.

TOTAL OPERATING EXPENDITURE BUDGET BY TYPE 2016/17-2018/19

The budgeted allocation for employee related costs for the 2016/17 financial year totals R95, 4 million, which equals 33 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2016/17 financial year. The 7 per cent has been maintained in the two outer years of the MTREF.

GRANTS & SUBSIDIES AS PER DORA ALLOCATION

In terms of the Revenue Act 2016 Matatiele Local Municipality will receive an Equitable Share of R170 266 000. This amount is always not enough to meet all the community needs on service

delivery as is always utilised for the day to day operations of the municipality which some are strategic programs to deal with special programs in improving community welfare like gender, youth, indigent support, sport and recreation and many more as identified and approved by council through operational plans. The grants allocated to Matatiele for the 2016/17 is indicated as follows. Kindly note that these amounts are included in the revenue per source table as indicated on page 4.

CONDITIONAL GRANTS ALLOCATION FOR BUDGET 2016/17

GRANT/SUBSIDY DESCRIPTION	DORA 2015/16	DORA 2016/17
EQUITABLE SHARE	175 181 000	170 266 000
MIG	47 644 000	47 012 000
INEP	30 000 000	80 000 000
FMG	1 600 000	1 625 000
EPWP	1 780 000	1 790 000
MSIG	930 000	-
	257 135 000	300 693 000

CAPITAL BUDGET 2016/17-2018/19

Capital expenditure is the expenditure incurred on items used over a period of time longer than 12 months to generate future income.

Capital projects amounting to R154 046 400 have been included in this budget. Own sources available to fund these projects amount to R 29 385 000, MIG allocation for 2016/17 is R44 661 000, INEP will fund a sum of R80 million for electrification.

EXECUTIVE & COUNCIL

The Executive & Council has not budgeted for any capital projects for the 2016/17 financial period.

BUDGET & TREASURY

Budget and Treasury has a total capital budget of R130 000 which is 1% of the total capital budget, that will be funded from the municipal reserves, this is to assist the department in systems upgrade for implementation of SCOA as per MFMA circular 80.

CORPORATE SERVICES

Corporate services has a total capital budget of R 1 480 000, this amount includes routing of underground fibre, outdoor cameras and collaboration of outflows which is 1% of the total capital budget, which will be funded from municipal reserves.

COMMUNITY SERVICES

Community services has a capital budget of R7 650 000, inclusive of renovations of old Rugby field, construction of waste buy back centre, upgrade of the fire station, procurement of traffic motor cycles and emergency equipment. The allocated budget to the department is 5% of the total capital Budget. An amount of R 5 800 000 will be funded from MIG and the remainder of R 1 760 000 will be funded from municipal reserves.

ECONOMIC DEVELOPMENT & PLANNING

Economic development and planning has a capital budget of R 2 830 000 for poultry abattoir, and furniture & equipment. The allocated budget to the department is 2% of the total capital budget, which will be funded from the municipal reserves. This allocation will address the concerns of Mthetheleli Baqwa who said and I quote "Consolidation of investment on Local Economic Development and infrastructure will enable lateral development with KZN on industries such as agribusiness due to interdependencies on trading. This can be realised through strengthening inter-relationships with provincial departments and other institutions that are key to Regional Economic Development".

ELECTRICAL PROJECTS

The electricity department has a capital budget of R 83, million, included in this budget is an amount of R80 million for Rural electrification & substation which will be funded from INEP and the amount of R3 050 000 will be funded from municipal reserves which includes installation of high mast lights and procurement of light motor vehicles & equipment. The allocated budget to the department is 54% of the total budget.

HUMAN SETTLEMENTS

Human settlements has a capital budget of R22,1 million, included on the capital projects is the construction of Council chambers, Electrical depot that will be funded from municipal reserves, and R 2 350 600 for Fresh produce phase one that will be funded from MIG.

The allocated capital budget to the department is 15% of the total capital budget.

PROJECT MANAGEMENT

DESCRIPTION	APPROVED BUDGET 2015/16	ADJUSTED BUDGET 2015/16	BUDGET 2016/17	BUDGET YEAR +2017/18	BUDGET YEAR +2018/19
Matatiele CBD Internal Streets-Phase 1	5 677 075	6 791 151	1 154 687	-	-
Maluti Internal Streets -Phase 3	4 050 000	13 544 335	1 925 000	-	-
Matatiele Internal Streets Phase 2 Area C - Harry Gwala	6 814 672	3 571 337	641 638	-	-
Mnqayi Access Road	1 765 109	1 067 711	210 000	-	-
Masopha Access Road	380 000	162 118	-	-	-
Mahangwe Sport Field	1 748 772	1 232 951	167 852	-	-
Afsondering Sport Field	2 801 404	3 305 328	172 000	-	-
Nkau Sport Field	2 801 404	2 891 404	172 000	-	-
Majoro Sport Field	1 740 000	2 772 000	172 000	-	-
Epiphany Field	1 740 000	2 010 000	172 000	-	-
Lagrange Pedestrian Bridge	200 000	100 000	2 000 000	-	-
Tlakanelo Bridge	200 000	100 000	2 000 000	-	-
Mangopeng AR	200 000	100 000	2 420 000	-	-
Khaue AR	200 000	-	2 137 500	-	-
Kamarathaba-Tseoisong AR	511 000	-	2 445 302	-	-
Soloane AR	1 200 000	-	3 080 742	-	-
Sandfontein AR	1 200 000	-	2 402 902	-	-
Mabheleni AR	200 000	100 000	-	-	-
Zazingeni -Mazizini AR	630 000	-	3 453 399	-	-
Manase	1 000 000	-	2 200 422	-	-
Mehloloaneng Access Road	2 864 000	1 064 000	2 230 000	-	-
Sijoka AR	2 000 000	3 111 000	5 613 356	-	-
Thotaneng AR	-	1 200 000	123 833	-	-
LED Offices	-	600 000	-	-	-
Nkululekweni Headwalls	-	-	50 000	-	-
Fresh Produce Phase 2	-	-	1 740 000	-	-
Roads & Bridges	-	-	-	47 880 000	50 552 350
	39 923 435	43 723 334	36 684 633	47 880 000	50 552 350

The project management unit has a capital budget of R36 684 633, for the construction of access roads, bridges and sports fields. Projects amounting to R36 5210 800 will be funded from the municipal infrastructure grant and R173 833 will be funded from the capital replacement reserve.

SUMMARY CAPITAL BUDGET

The total capital budget is R 154 046 400 for the budget year 2016/17. The capital budget will be funded as follows:

DESCRIPTION	BUDGET 2016/17
MUNICIPAL INFRASTRUCTURE GRANT	44 661 400
CAPITAL REPLACEMENT RESERVE	29 385 000
INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	80 000 000
	154 046 400

Capital funding from MIG is R44 661 400 which is 29% allocation to the total capital budget, the municipal reserve will fund 19% of the total capital budget; INEP will fund 52% of the total capital budget.

TOTAL BUDGET 2016/17-2018/19

DESCRIPTION	APPROVED BUDGET 2015/16	ADJUSTMENTS BUDGET 2015/16	BUDGET 2016/17	BUDGET YEAR + 2017/18	BUDGET YEAR +2018/19
TOTAL OPERATING EXPENDITURE	289 979 109	296 106 137	289 286 780	303 226 309	318 387 625
TOTAL CAPITAL BUDGET	143 606 401	126 556 885	154 046 400	47 880 000	50 552 350
TOTAL EXPENDITURE BUDGET	433 585 510	422 663 022	443 333 179	351 106 309	368 939 975
TOTAL REVENUE (Inc CRR)	-365 248 563	-371 681 282	-443 703 776	-442 418 379	-473 387 666

TARIFFS

All charges excluding electricity and Refuse are calculated to increase by 5% for the 2016/17 financial year, proposed to start 1 July 2016.

PROPERTY RATES

Property rates tariff is proposed to increase by 5% for the 2016/17 financial year as follows:

Categories	Rate Randages /Rand Value ó c/R	Ratio in relation to residential property
Residential property	0.009297	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.002324	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.011156	1:1.2
Smallholdings used predominantly for commercial and / or industrial purposes	0.011156	1: 1.2
Commercial / Business properties	0.011156	1: 1.2
Industrial properties	0.011156	1:1.2
Public Service Infrastructure properties	0.002324	1:0.25
Municipal properties	0.011156	1:1.2

ASSESMENT RATES

Residential First R55 000 exempt 35% Rebate	0.009123	5%
Vacant Land	0.019905	5%

Commercial 10% exempt	0.010948	5%
Government	0.019905	5%
Farms 65% rebate	0.002281	5%
Industrial 10% rebate	0.010948	5%
Municipal 100% rebate	0.010948	5%

ELECTRICITY

Electricity tariff is proposed to increase from 7.64 to 9% in terms of the guideline from the National Electricity Regulator of South Africa.

REFUSE REMOVAL AND OTHER TARIFF OF CHARGES

Refuse tariffs are proposed to increase by 7% and all other tariffs are proposed to increase by 5%.

COMMUNITY/STAKEHOLDERS COMMENTS

The municipality embarked on the public consultation process on draft budget in the month of April. Public notices were also issued to invite comments and suggestions from the communities and other stakeholders.

As at the time of this reporting and at the time of closing date for such comments and suggestions, no written comments were received by the municipality.

During consultative meetings of the public to all wards, the comments in relation to electrification and bad states of provincial roads and maintenance of access roads were made and these have been noted and considered towards the final budget preparation process.

Further comments and suggestions with frustrations by communities in relation to state of water and sanitation services were raised and the District Municipality as the Authority has been made aware of such comments.

On proposed tariff of charges increases by 7%, communities and stakeholders, Rate Payers in particular raised concerns on affordability and the gloom picture of economy and during the finalization of the draft budget, 6% increase has been considered and the draft budget has been adjusted as such. Only electricity charges will be above 7.64% due to approval by NERSA.

On budget related policies, no comments have been received from the public and stakeholders.

uMoeketsi Tlali had this to say: Good image of the town attracts more investments. Install street lights; restrict hanging of clothes in the streets and outside shops by owners of shops; and

demarcate parking bays. Buy land especially redundant farms surrounding the town and sell the land to business (especially industrial) and housing developers. Develop your own business complexes for micro enterprises. Engage tribal authorities to lease their land especially next to Drakensburg Mountains for big business to invest in hotels and tourism. Engage provincial and national government to tar strategic roads like Mt Frere to Matatiele; Qacha to Matat and Ramatseliso to Matat for example. these roads brings lot of business in Matatiele.

CONCLUSION

- The operating expenditure budget has been decreased by 2% from adjustments budget of R296 million to budget of R289 million and this has been due to the 2016/2017 equitable share being reduced by National Treasury.
- The capital budget has been increased by 22% from adjustments budget R126, 556, 885 to proposed capital budget of R 154 046 400 and this is mainly due to the R80 million that is allocated to the municipality for the electrification by DOE.

1.2 Council Resolutions

On 30 May 2016 the Council of Matatiele Local Municipality met in the Sandfontein Community Hall to consider approval of the annual budget of the municipality for the financial year 2016/17. Council resolves the following;

1. The annual Budget of the Municipality for the financial year 2016/2017;and its indicative for the two projected outer years 2017/2018 and 2018/2019 as outlined on the report be approved as set out in the following :
 - Operating Revenue by source of *R 443,403 ,776*
 - Operating Expenditure by type of *R 289, 350,034*
 - Capital Expenditure by source and municipal vote of R154, 046, 400
 - Total budget of R 443, 396,434
2. That the council approves the following tariff increases for the 2016/17 financial year
 - Property rates tariff increase of 5% , and first R55 000 property values as exemption,35% rebates on all residential properties, 10% rebate on all

commercial and government properties, 65% on farm properties, 10% rebates on industrial properties and 100% rebates to all municipal properties.

- Refuse tariff increase of 7%
 - Electricity tariff increase with 7.64 -9 % subject to NERSA approval.
 - That all other municipal tariff increase at an average of 5%.
3. Council approves the reviewed policies as listed ; appointment of consultants policy, banking and investments policy , Budget policy , Cash management policy , Cash shortage policy , Credit control and debt collection policy , Customer care policy , customer incentive scheme policy , Data backup policy , Debt capacity policy , Donor finance policy , Electricity token policy , Entertainment & refreshments policy , Unclaimed deposits policy , Fraud prevention plan 2016-17, Gifts policy for officials , Grants & donation policy, GRAP framework policy , Indigent Policy , Cash-up Policy , Fixed Assets Policy , Payment Policy , Petty Cash Policy , Rates Policy , Special Services Policy , Strategy to improve Debtor policy, Supply Chain management Policy , Tariff Policy , Use of Credit Card Policy and Virement Policy .The council approves the new infrastructure procurement and delivery management policy.
4. That the council approves the reviewed rates policy to ensure that all property rates charges are in compliance with the approved Valuation Roll and rates by-law.

1.3 Executive Summary

METHOD OF PREPARATION

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 29 January 2016.

In terms of Section 24(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. The views from the community on the tabled budget were considered (Section 22 of the MFMA).

PAST PERFORMANCE IN TERMS OF AUDIT OUTCOMES

For its term started with the financial year ended 30 June 2012, the municipality has managed to receive the audit opinions as follows,

PERIOD	30 June 2012	30 June 2013	30 June 2014	30 June 2015
OPINION	<i>Unqualified</i>	<i>Unqualified</i>	<i>Unqualified</i>	<i>Unqualified</i>
AUDIT REPORT MATTERS	<i>With Non-Compliance Matters</i>	<i>With Non-Compliance Matters</i>	<i>With Non-Compliance Matters</i>	<i>With no Matters at all</i>
REMARKS	<i>Unqualified</i>	<i>Unqualified</i>	<i>Unqualified</i>	<i>Clean</i>

OPERATING BUDGET

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

The total budget amounts to R 443, 396,434. Table 1 hereunder summarizes the total revenue & expenditure budget. General Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2016/17 Medium Term Revenue Expenditure Forecast.

Table 1
Total Budget 2016/17-2018/19 summary

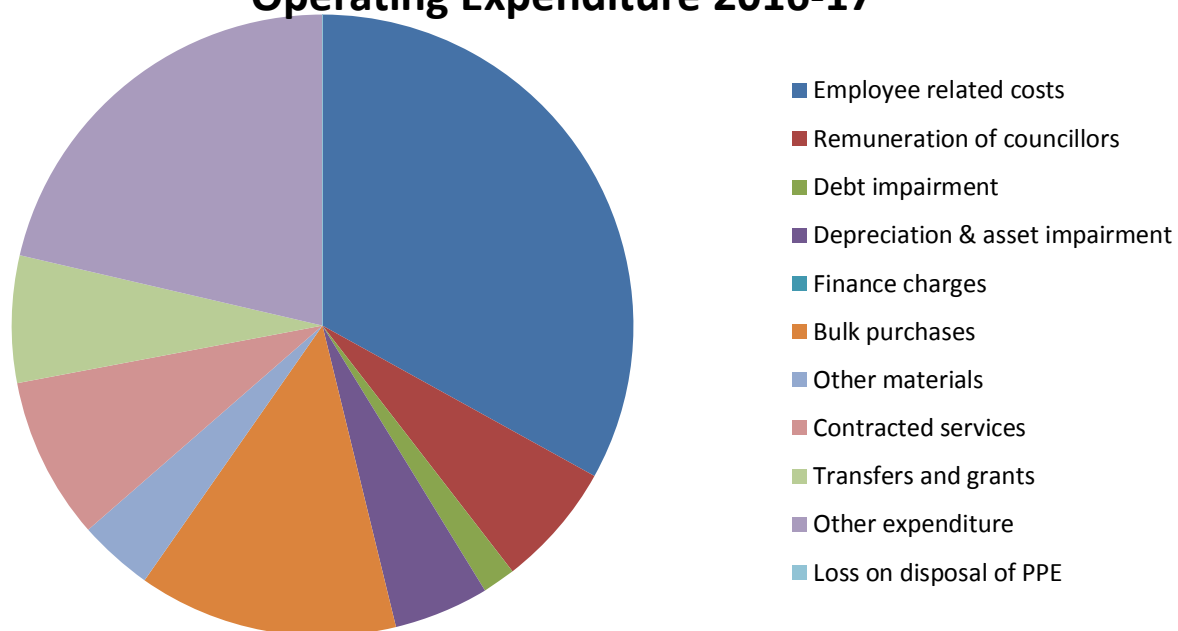
DESCRIPTION	APPROVED BUDGET 2015/16	ADJUSTMENTS BUDGET 2015/16	BUDGET 2016/17	BUDGET YEAR + 2017/18	BUDGET YEAR +2018/19
Operating Expenditure	289 979 109	296 106 137	289 350 034	303 226 309	318 387 625
Capital Expenditure	143 606 401	126 556 885	154 046 400	47 880 000	50 552 350
TOTAL EXPENDITURE BUDGET	433 585 510	422 663 022	443 396 433	351 106 309	368 939 975
TOTAL REVENUE	-365 248 563	-371 681 282	-443 403 776	-442 418 379	-473 387 666

Table 2
Total Revenue by source

REVENUE SOURCE	APPROVED BUDGET 2015/16	ADJUSTMENT BUDGET 2015/16	BUDGET 2016/17	% ALLOCATION BUDGET 2016/17
Property Rates	-34 365 483	-34 365 483	-36 427 412	8%
Service Charges	-54 444 926	-54 444 926	-57 614 450	13%
Rental Of Facilities	-769 126	-769 126	-773 876	0%
Interest Outstanding Debtors	-4 081 257	-4 081 257	-4 277 007	1%
Interest External Investments	-3 500 000	-3 500 000	-5 987 310	1%
Fines	-1 400 500	-1 400 000	-1 470 000	0%
Licences & Permits	-3 150 000	-3 150 000	-3 307 500	1%
Grants Operating	-183 173 200	-189 597 169	-177 381 600	40%
Grants Capital	-75 261 800	-75 261 800	-124 661 400	28%
Profit on Sale of Property	-3 823 500	-3 823 500	-15 000	0%
Other Income	-1 278 771	-1 288 021	-2 103 221	0%
TOTAL REVENUE	-365 248 563	-371 681 282	-414 018 776	100%
CAPITAL REPLACEMENT RESERVE	-50 187 601	-50 987 601	-29 385 000	7%
TOTAL REVENUE (Including CRR)	-415 436 164	-422 668 883	-443 403 776	100%

Total Expenditure by type

EXPENDITURE TYPE	APPROVED BUDGET 2015/16	ADJUSTMENTS BUDGET 2015/16	BUDGET 2016/17	% ALLOCATION BUDGET 2016/17
Employee Cost	96 710 668	92 716 231	95 436 616	33%
CIlr Remunerations	15 890 945	16 635 382	18 908 383	7%
Depreciation	20 879 000	20 879 000	14 270 000	5%
Repairs & Maint	10 465 500	10 384 415	11 242 080	4%
Bulk Purchases	34 000 000	34 000 000	39 100 000	14%
Contracted Services	19 956 369	18 269 369	24 408 000	8%
Other Expenditure	58 818 779	64 041 864	55 619 355	19%
Grants & Subsidies	20 632 850	26 749 876	19 115 600	7%
Provisions	12 610 000	12 610 000	11 250 000	4%
TOTAL OPERATING EXPENDITURE	289 964 111	296 286 137	289 350 034	100%

Operating Expenditure 2016-17

Budget 2016/17 per Municipal Vote

MUNICIPAL VOTE	EXPENDITURE	INCOME	CAPITAL
Executive & Council	43 969 764		
Budget & Treasury	56 345 687	236 347 672	130 000
Corporate Services	47 696 812	974 436	1 480 000
Community services	39 866 141	17 350 670	7 650 000
Economic Development & Planning	14 177 599	1 533 029	2 875 000
Infrastructure and Housing Development	87 294 031	187 197 960	141 911 400
TOTAL BUDGET	289 350 034	443 403 767	154 046 400

CAPITAL BUDGET 2016/17

Capital expenditure is the expenditure incurred on items used over a period of time longer than 12 months to generate future income.

Capital projects amounting to R154 046 400 have been included in this budget. Own sources available to fund these projects amount to R29 385 000. Our Capital MIG allocation for 2016/2017 is R44 661 400, INEP will fund a sum of R80 million for rural electrification.

All projects presented in this report are the priorities as per the approved Integrated Development Plan which was reviewed in March 2016 during community review meetings in all 26 wards of the municipality.

FUNDING OF CAPITAL BUDGET 2016/17

INEP	80 000 000
MIG	44 661 400
<i>Sub Total</i>	<i>124 661 400</i>
CRR	29 385 000
TOTAL	154 046 400

EQUITABLE SHARE ALLOCATION

In terms of the Revenue Bill 2016 Matatiele Local Municipality will receive an Equitable Share of R170 266 000. This amount is always not enough to meet all the community needs on service delivery as is always utilised for the day to day operations of the municipality which some are strategic programs to deal with special programs in improving community welfare like gender, youth, indigent support, sport and recreation and many more as identified and approved by council through operational plans. It is operational grants allocated to Matatiele for the 2016/2017 is indicated as follows. Kindly note that these amounts are included in the revenue table as indicated on page 4.

TARIFFS

All charges excluding electricity are calculated to increase by 5%, for the 2016/17 financial year, starting 1 July 2016 and this is based on the Consumer Price Index of 6.0%.

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2017/18 financial year ending 30 June 2018.

Property rates tariff is proposed to increase by 5% for the 2016/17 financial year.

Electricity

Electricity tariffs will increase by 7.64% in terms of the directive from NT and National Electricity Regulator of South Africa.

Refuse Removal and Other Tariff of Charges

Refuse tariffs will be increased by 7% and all other tariffs are kept to increase by 5%.

EXTERNAL SERVICE DELIVERY MECHANISMS

External service providers are used for the refuse removal and grass cutting in the towns of Matatiele, Cedarville and Maluti.

ACCUMULATED SURPLUS

This budget will result in a surplus of R7 342. This should be noted that is budget surplus to ensure that the budget is balanced.

Operating Revenue Framework

For Matatiele Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- É National Treasury's guidelines and macroeconomic policy;
- É Growth in the Municipality and continued economic development;
- É Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;

- É Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- É Achievement of full cost recovery of specific user charges especially in relation to trading services;
- É Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- É The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- É Increase ability to extend new services and recover costs;
- É The municipality's Indigent Policy and rendering of free basic services; and
- É Tariff policies of the Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC441 Matatiele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	15 501	22 600	19 112	34 365	34 365	34 365	34 365	36 427	38 610	44 713
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	33 912	35 753	37 506	46 895	46 895	46 895	46 895	49 536	49 536	49 536
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	6 411	6 609	7 196	7 550	7 550	7 550	7 550	8 078	8 482	8 906
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		534	566	694	729	729	729	729	774	764	110
Interest earned - external investments		5 572	5 414	3 607	3 500	3 500	3 500	3 500	5 987	4 200	4 410
Interest earned - outstanding debtors		2 289	2 464	4 089	4 081	4 081	4 081	4 081	4 277	4 483	4 698
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 509	3 672	1 821	2 601	2 600	2 600	2 600	2 730	2 881	3 024
Agency Fees		2 094	2 189	2 291	1 950	1 950	1 950	1 950	2 048	2 160	2 268
Licences and permits		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		120 143	139 932	149 581	183 173	184 856	184 856	184 856	177 382	190 193	198 702
Other revenue	2	5 296	16 038	1 297	1 319	1 328	1 328	1 328	2 103	1 435	9 624
Gains on disposal of PPE		(5 064)	537	(79)	3 824	3 824	3 824	3 824	15	-	-
Total Revenue (excluding capital transfers and contributions)		188 196	235 775	227 116	289 987	291 678	291 678	291 678	289 357	302 743	325 992

Table 3 Percentage growth in revenue by main revenue source

Description	CURRENT YEAR 2015/16		2016/17 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	Budget Year +2 2018/19	%
R thousand							
Revenue By Source							
Property rates	34 365 483	12%	36 427 412	13%	38 609 620	13%	44 713 063
Property rates - penalties & collection charges	-	-	-	-	-	-	-
Service charges - electricity revenue	46 895 000	16%	49 536 030	17%	49 536 030	16%	49 536 030
Service charges - water revenue	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-
Service charges - refuse revenue	7 549 926	3%	8 078 420	3%	8 482 341	3%	8 906 458
Service charges - other	-	-	-	-	-	-	-
Rental of facilities and equipment	728 995	0%	773 876	0%	764 015	0%	109 974
Interest earned - external investments	3 500 000	1%	5 987 310	2%	4 200 000	1%	4 410 000
Interest earned - outstanding debtors	4 081 257	1%	4 277 007	1%	4 482 545	1%	4 698 359
Dividends received	-	-	-	-	-	-	-
Fines	2 600 000	1%	2 730 000	1%	2 881 286	1%	3 024 158
Agency Fees	1 950 000	1%	2 047 500	1%	2 160 113	1%	2 268 118
Licences and permits	-	-	-	-	-	-	-
Transfers recognised - operational	184 855 808	63%	177 381 600	61%	190 192 600	63%	198 702 230
Other revenue	1 328 153	0%	2 102 912	1%	1 434 578	0%	9 623 518
Gains on disposal of PPE	3 823 500	1%	15 000	0%	-	0%	-
Total Revenue (excluding capital transfers and contributions)	291 678 121	100%	289 357 067	100%	302 743 128	100%	325 991 908

The budget will be funded as per table 3. Kindly note that of a total revenue budget (excluding capital grants) of R289 357 067- Council generates R 112 550 528 (39%), and Operating Grants amount to R177 381 600 (61%). Therefore the Council is 61 % dependant on grants.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

" The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 55 000.00;

" 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

" For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:

- Income not exceeding R5 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

- Residential properties a 35% rebate

- Properties categorized commercial 10% rebate on rates.

- Farms/ Smallholdings used for agricultural purposes 65% rebates.

" The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,

Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		115 437	125 121	145 999	180 491	180 491	180 491	173 681	181 425	189 247
Local Government Equitable Share		105 328	118 051	138 979	176 181	176 181	176 181	170 266	179 725	187 547
Finance Management		1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement		998	890	934	930	930	930			
EPWP Incentive		7 193	4 564	4 485	1 780	1 780	1 780	1 790		
Provincial Government:		418	66	952	-	-	-			
Conference & Lodge Centre		72	-	-	-	-	-			
Greenest Town		214	66	-	-	-	-			
Establishment Plan Grant		-	-	809	-	-	-			
Nature Reserve Grant		132	-	143	-	-	-			
District Municipality:		-	7 588	-	-	-	-	-	-	-
Election Grant			7 588							
Other Grants										
Other grant providers:		4 705	7 039	3 567	0	3 437	608	1 350	0	0
Far, Revenue & Payroll		0	1 635	3 006	-	2 359				
Nature Reserve		0	105	-	-	-				
Department Of Sport And Recreation		0	161	-	-	-		500		
Seta		424	313	168	-	-				
Vuna		85	0	169	-	-				
Idp Support		392	274	94	-	145		150		
Led Capacity		0	0	-	-	18				
Archives Central (Pt)		237	0	-	-	-				
Audit Assets (Pt)		25	196	-	-	-				
Capacity Building 06/07		0	15	-	-	-				
Cedarville Emerging Farm		180	19	-	-	-				
Clean Audit Umzimvubu		0	3 500	-	-	-				
Grain Storage Azo		0	0	-	-	-				
Khuthalani Poultry Proj		1 005	184	-	-	608	608			
Land Audit (Pt)		224	0	-	-	-				
Lotto Sportfield Maint		25	0	-	-	-				
Lums		0	121	-	-	-				
Museum-Arts & Cult Grant		0	0	130	-	-				
New It (Pt)		193	0	-	-	-				
Seeta Subs		430	480	-	-	-		300		
Pmu Establishment		936	0	-	-	-				
Small Town&Rural Village		0	37	-	-	307				
Music festival		548	0	-	-	-		400		
Capital Transfers and Grants	5	120 143	139 748	149 566	180 491	183 928	181 099	175 031	181 425	189 247
National Government:		-	-	68 831	87 759	79 170	79 170	127 012	130 400	133 213
Municipal Infrastructure Grant (MIG)		28 326	48 775	46 926	57 759	49 170	49 170	47 012	50 400	53 213
Integrated National Electrification Programme				21 905	30 000	30 000	30 000	80 000	80 000	80 000
Provincial Government:		1 005	184	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		224	-	-	-	-	-	-	-	-
District Municipality:		25	-	-	-	-	-	-	-	-
Election Grant		-	121	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		193	-	-	-	-	-	-	-	-
Far, Revenue & Payroll		430	480	-	-	-	-	-	-	-
		936	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	37	68 831	87 759	79 170	79 170	127 012	130 400	133 213
TOTAL RECEIPTS OF TRANSFERS & GRANTS		206	-	218 397	268 250	263 098	260 269	302 043	311 825	322 460

The municipality operational grants budget amounts to R175 031 000 for 2016/2017, included in this amount is the equitable share allocation, the operational grants budget equates to 60% of the total revenue budget (excluding capital grants).

Table 5 Comparison of final rated levies for the 2016/17 financial year

CATEGORY	CURRENT TARIFF (July 2015)	TARIFF (From 1 July 2016)
Residential	0.00869	0.009123
Vacant Land	0.01896	0.019908
Commercial	0.01043	0.010948
Farms	0.00217	0.002281
Government	0.01896	0.019905
Industrial	0.01043	0.010948
Municipal	0.01043	0.010948

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the proposed bulk electricity pricing structure. An increase of 7.64 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 7.64 per cent to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. The following table shows the impact of the proposed increases in electricity tariffs on the charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	% Change
Basic Charge	328.00	373.92	353.06	0.0764
0-50	0.73	0.83	0.78	0.0764
51-350	0.95	1.08	1.02	0.0764
351-600	1.34	1.52	1.44	0.0764
601 and over	1.60	1.83	1.72	0.0764

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2016. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the employee related cost.

A 7 per cent increase in the waste tariff is proposed from 1 July 2016.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 11 Comparison between current waste removal fees and increases

REFUSE REMOVAL CHARGES	CURRENT TARIFFS JUL 15	BUDGET 2016/17 REFUSE TARIFFS	% INCREASE
Domestic Removals			
Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	103.06	110.27	7%
Commercial Removals			
Each individual/separate business shall be charged a basic service charge per month.	154.57	165.40	7%
In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	154.57	165.40	7%

1.3.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household bills has been kept between 5 and 7 per cent.

Table 11EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		226.56	269.61	307.35	322.72	322.72	322.72	0.05	338.85	355.80	373.59
Electricity: Basic lev y		157.88	183.14	208.78	219.21	219.21	219.21	0.08	235.96	247.76	260.15
Electricity: Consumption		533.60	576.29	628.15	659.56	659.56	659.56	0.08	709.95	745.45	782.72
Water: Basic lev y					-	-	-		-	-	-
Water: Consumption					-	-	-		-	-	-
Sanitation					-	-	-		-	-	-
Refuse removal		44.35	46.13	48.43	50.85	50.85	50.85	0.07	54.41	57.13	59.99
Other											
sub-total:		962.39	1 075.16	1 192.71	1 252.35	1 252.35	1 252.35	0.07	1 339.18	1 406.14	1 476.45
VAT on Services											
Total large household bill:		962.39	1 075.16	1 192.71	1 252.35	1 252.35	1 252.35	0.07	1 339.18	1 406.14	1 476.45
% increase/-decrease		16.4%	11.7%	10.9%	5.0%	-	-		6.9%	5.0%	5.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic lev y											
Electricity: Consumption											
Water: Basic lev y											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total:		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00
Electricity: Basic lev y											
Electricity: Consumption		50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh	50kwh
Water: Basic lev y											
Water: Consumption											
Sanitation											
Refuse removal		63 504.00	66 044.16	69 346.37	72 813.69	76 454.37	80 277.09	80 277.09	80 277.09	80 277.09	80 277.09
Other											
sub-total:		93 504.00	96 044.16	99 346.37	102 813.69	106 454.37	110 277.09	0.07	110 277.09	110 277.09	110 277.09
VAT on Services											
Total small household bill:		93 504.00	96 044.16	99 346.37	102 813.69	106 454.37	110 277.09	0.07	110 277.09	110 277.09	110 277.09
% increase/-decrease		3.3%	2.7%	3.4%	3.5%	3.5%	3.6%		-	-	-

Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- É Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- É Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- É Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Expenditure By Type											
Employee related costs	2	57 395	69 115	75 879	96 711	97 051	97 051	97 051	95 663	99 773	108 432
Remuneration of councillors		13 900	14 807	15 937	15 891	16 481	16 481	16 481	18 682	19 616	19 616
Debt impairment	3	63 893	27 795	2 249	12 610	8 250	8 250	8 250	5 000	20 000	20 000
Depreciation & asset impairment	2	17 084	19 062	20 919	20 879	20 879	20 879	20 879	14 320	23 453	24 632
Finance charges		4 275	2	15	-	5	5	5	-	-	-
Bulk purchases	2	24 556	26 147	28 924	34 000	34 000	34 000	34 000	39 100	41 055	43 108
Other materials	8	10 293	10 751	12 592	10 466		10 384	10 384	11 242	11 057	11 118
Contracted services		12 329	13 389	13 417	19 956	18 269	18 269	18 269	24 408	25 589	26 868
Transfers and grants		23 663	32 778	23 564	20 333	25 767	25 767	25 767	19 116	21 920	22 261
Other expenditure	4, 5	26 305	35 643	44 434	59 134	75 404	65 020	65 020	61 819	60 864	63 090
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		253 693	249 489	237 930	289 979	296 106	296 106	296 106	289 350	323 328	339 122

The budgeted allocation for employee related costs for the 2016/17 financial year totals R95,6 million, which equals 33 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2016/17 financial year.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 86 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R5 million and escalates to R20 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R14,3 million for the 2016/17 financial and equates to 5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others materials for maintenance. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure is by 4 per cent and continues to grow at 4, 5 and 5 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The appropriation for this group of expenditures equates to 22 per cent for 2016/17 and is maintained at 18 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of repairs and maintenance on the main expenditure categories for the 2016/17 financial year.

Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.3.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

The table below provides a breakdown of the repairs and maintenance in relation expenditure items:

Table 14 Repairs and maintenance by expenditure item

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and Maintenance by Expenditure Item									
Employee related costs									
Other materials	10 293 019	10 751 099	12 591 895	10 465 500	10 384 415	10 384 415	11 242 080	11 057 489	11 117 546
Contracted Services									
Total repairs and Maintenance Expenditure	10 293 019	10 751 099		11 315 000	11 424 000	11 424 000	10 465 500	11 286 164	11 988 972

For the 2016/17 financial year repairs and maintenance is budgeted at R11,2 million this equates to 4 % of the total operating budget , this is maintained at R11,2 million in the 2018/19 outer year .

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 17 000 or more indigent households during the 2016/2017 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 35.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 2016/17 Medium-term capital budget per vote

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	1 995	1 476	1 476	1 476	1 476	-	-	-
Vote 4 - Development & Planning		-	-	400	650	650	650	650	-	-	-
Vote 5 - Community		-	-	800	1 500	1 500	1 500	1 500	-	-	-
Vote 6 - Infrastructure		40 874	-	38 938	90 793	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	40 874	-	42 133	94 419	3 626	3 626	3 626	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		23	5 529	125	315	65	65	65	-	-	-
Vote 2 - Budget & Finance		11 900	4 603	1 364	2 300	2 300	2 300	2 300	100	200	300
Vote 3 - Corporate		638	214	502	522	1 337	1 337	1 337	1 480	1 000	150
Vote 4 - Development & Planning		786	2 803	413	700	1 457	1 457	1 457	2 905	2 070	30
Vote 5 - Community		2 178	12 610	3 736	5 895	9 395	9 395	9 395	7 651	1 000	1 000
Vote 6 - Infrastructure		4 336	70 602	55 974	39 455	108 377	108 377	108 377	141 911	54 980	103 802
Capital single-year expenditure sub-total		19 861	96 362	62 115	49 187	122 931	122 931	122 931	154 046	59 250	105 282
Total Capital Expenditure - Vote		60 735	96 362	104 248	143 606	126 557	126 557	126 557	154 046	59 250	105 282

The total capital budget for 2016/17 is R154, million, this budget is to be funded by Municipal Infrastructure grant with an amount of R 44,6 million , Capital replacement reserves R29 ,3 million and the Integrated national electrification grant R 80 million .

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

Table 17 MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	15 501	22 600	19 112	34 365	34 365	34 365	34 365	36 427	38 610	44 713
Service charges	40 323	42 362	44 702	54 445	54 445	54 445	54 445	57 614	58 018	58 442
Investment revenue	5 572	5 414	3 607	3 500	3 500	3 500	3 500	5 987	4 200	4 410
Transfers recognised - operational	120 143	139 932	149 581	183 173	184 856	184 856	184 856	177 382	190 193	198 702
Other own revenue	6 657	25 466	10 113	14 503	14 512	14 512	14 512	11 946	11 723	19 724
Total Revenue (excluding capital transfers and contributions)	188 196	235 775	227 116	289 987	291 678	291 678	291 678	289 357	302 743	325 992
Employment costs	57 395	69 115	75 879	96 711	97 051	97 051	97 051	95 663	99 773	108 432
Remuneration of councillors	13 900	14 807	15 937	15 891	16 481	16 481	16 481	18 682	19 616	19 616
Depreciation & asset impairment	17 084	19 062	20 919	20 879	20 879	20 879	20 879	14 320	23 453	24 632
Finance charges	4 275	2	15	-	5	5	5	-	-	-
Materials and bulk purchases	34 849	36 898	41 516	44 466	34 000	44 384	44 384	50 342	52 112	54 225
Transfers and grants	23 663	32 778	23 564	20 333	25 767	25 767	25 767	19 116	21 920	22 261
Other expenditure	102 527	76 827	60 101	91 700	101 929	91 539	91 539	91 227	106 453	109 957
Total Expenditure	253 693	249 489	237 930	289 979	296 111	296 106	296 106	289 350	323 328	339 122
Surplus/(Deficit)	(65 497)	(13 714)	(10 815)	8	(4 433)	(4 428)	(4 428)	7	(20 585)	(13 130)
Transfers recognised - capital	32 317	58 679	71 980	75 262	80 003	80 003	80 003	124 661	130 400	133 215
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(33 180)	44 965	61 165	75 270	75 570	75 575	75 575	124 668	109 815	120 083
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(33 180)	44 965	61 165	75 270	75 570	75 575	75 575	124 668	109 815	120 083
Capital expenditure & funds sources										
Capital expenditure	60 735	90 437	104 248	143 606	126 557	126 557	126 557	154 046	59 250	105 282
Transfers recognised - capital	27 617	58 708	103 617	75 262	75 569	75 569	75 569	124 661	59 250	105 282
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	18 157	-	-	-	-	-	-
Internally generated funds	33 118	31 729	631	50 188	50 988	50 988	50 988	29 385	-	-
Total sources of capital funds	60 735	90 437	104 248	143 606	126 557	126 557	126 557	154 046	59 250	105 282
Financial position										
Total current assets	105 442	82 366	70 625	37 536	30 151	30 151	30 151	3 756	97 205	155 311
Total non current assets	438 643	543 089	623 616	842 600	825 762	825 762	825 762	868 621	904 019	984 451
Total current liabilities	30 874	29 262	35 681	28 140	28 129	28 129	28 129	32 744	33 231	34 577
Total non current liabilities	17 809	19 762	21 063	20 926	21 763	21 763	21 763	23 118	23 443	24 404
Community wealth/Equity	495 402	576 430	637 497	831 071	806 021	806 021	806 021	816 515	944 550	1 080 781
Cash flows										
Net cash from (used) operating	38 066	62 471	77 163	94 926	87 554	87 554	87 554	139 641	153 699	164 623
Net cash from (used) investing	(63 331)	(82 140)	(104 243)	(139 783)	(139 783)	(139 783)	(139 783)	(154 031)	(59 250)	(105 282)
Net cash from (used) financing	-	-	-	9 031	9 031	9 031	9 031	49	14	14
Cash/cash equivalents at the year end	77 235	57 566	30 487	21 741	(12 711)	(12 711)	(12 711)	(27 052)	67 411	126 766
Cash backing/surplus reconciliation										
Cash and investments available	84 224	57 566	30 487	21 741	14 368	14 368	14 368	(27 052)	67 411	126 766
Application of cash and investments	(5 129)	17 055	5 273	16 368	16 316	16 317	16 317	9 646	10 890	12 653
Balance - surplus (shortfall)	89 353	40 511	25 214	5 373	(1 948)	(1 948)	(1 948)	(36 698)	56 521	114 113
Asset management										
Asset register summary (WDV)	502 629	568 137	705 905	965 090	948 041	948 066	22 164	22 164	21 766	21 547
Depreciation & asset impairment	17 084	19 062	20 919	20 879	20 879	20 879	14 320	14 320	23 453	24 632
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	10 293	10 751	-	10 476	-	10 384	11 232	11 232	11 057	11 118
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1 551	3 456	9 888	15 000	15 000	15 000	12 000	12 000	12 000	12 000
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	3	3	4	4	4	4	4	4	4	4
Refuse:	4	5	5	5	5	5	5	5	5	5

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/17, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
<i>Governance and administration</i>		132 508	167 849	172 750	210 119	213 711	213 711	207 937	223 778	247 078
Executive and council		85	11 312	130	—	1 233	1 233	—	—	—
Budget and treasury office		131 762	156 224	172 452	209 819	212 179	212 179	206 963	223 478	247 078
Corporate services		661	313	168	300	300	300	974	300	—
<i>Community and public safety</i>		4 936	7 012	12 488	10 610	20 800	20 800	17 351	16 762	16 705
Community and social services		826	520	7 603	5 265	14 595	14 595	12 573	10 870	11 413
Sport and recreation		508	641	774	675	1 535	1 535	—	702	—
Public safety		3 602	5 851	4 112	4 550	4 550	4 550	4 778	5 040	5 292
Housing		—	—	—	120	120	120	—	150	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		1 950	5 450	7 113	1 880	2 081	2 081	1 533	115	121
Planning and development		1 950	5 450	7 113	1 880	2 081	2 081	1 533	115	121
Road transport		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		81 118	114 143	106 745	142 639	135 089	135 089	187 198	192 488	195 301
Electricity		74 707	103 533	106 745	135 089	135 089	135 089	187 198	192 488	195 301
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		6 411	10 609	—	7 550	—	—	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	2	220 513	294 454	299 095	365 249	371 681	371 681	414 018	433 143	459 205
Expenditure - Standard										
<i>Governance and administration</i>		130 630	124 480	86 080	136 183	142 170	142 170	148 012	164 002	170 916
Executive and council		23 610	37 425	28 160	30 430	33 208	33 208	43 970	38 168	38 302
Budget and treasury office		90 322	63 044	24 463	58 880	62 539	62 539	56 346	78 799	82 552
Corporate services		16 697	24 011	33 457	46 873	46 423	46 423	47 697	47 035	50 062
<i>Community and public safety</i>		12 460	16 479	31 754	44 621	49 214	49 214	39 866	52 728	56 104
Community and social services		3 769	3 469	15 212	20 082	24 924	24 924	22 751	29 736	31 000
Sport and recreation		1 888	5 027	6 002	8 892	9 793	9 793	2 041	6 862	8 704
Public safety		6 803	7 983	10 541	13 234	12 234	12 234	15 074	12 016	12 677
Housing		—	—	—	2 413	2 263	2 263	—	4 114	3 722
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		15 717	19 855	30 727	24 811	21 858	21 858	14 178	17 666	18 872
Planning and development		15 717	19 855	30 727	24 811	21 858	21 858	14 178	17 666	18 872
Road transport		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		94 886	88 674	89 369	84 364	82 864	82 864	87 294	88 930	93 229
Electricity		82 176	76 147	89 369	84 364	82 864	82 864	87 294	88 930	93 229
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		12 710	12 528	—	—	—	—	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	3	253 693	249 489	237 930	289 979	296 106	296 106	289 350	323 327	339 122
Surplus/(Deficit) for the year		(33 180)	44 965	61 165	75 270	75 575	75 575	124 668	109 816	120 083

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile the whole of government reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Executive & Council		477	11 586	299	–	1 378	1 378	–	–	–
Vote 2 - Budget & Finance		131 762	156 224	172 427	209 819	212 179	212 179	206 963	223 478	247 078
Vote 3 - Corporate		661	313	168	300	300	300	974	300	–
Vote 4 - Development & Planning		1 558	5 176	6 944	100	1 936	1 936	1 533	115	121
Vote 5 - Community		11 347	17 622	12 488	19 820	20 680	20 680	17 351	16 612	16 705
Vote 6 - Infrastructure		74 707	103 533	106 745	135 209	135 209	135 209	187 198	192 638	195 301
Total Revenue by Vote	2	220 513	294 454	299 071	365 249	371 681	371 681	414 018	433 143	459 205
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		29 224	43 909	34 951	36 338	39 961	39 961	43 970	42 350	42 852
Vote 2 - Budget & Finance		90 322	63 044	36 947	58 880	62 539	62 539	56 346	78 799	82 552
Vote 3 - Corporate		16 697	24 011	33 467	46 873	46 423	46 423	47 697	47 035	50 062
Vote 4 - Development & Planning		10 104	13 370	23 937	13 576	15 105	15 105	14 178	13 484	14 322
Vote 5 - Community		25 170	29 007	31 754	47 535	46 951	46 951	39 866	48 614	52 382
Vote 6 - Infrastructure		82 176	76 147	76 777	86 777	85 127	85 127	87 294	93 044	96 951
Total Expenditure by Vote	2	253 693	249 489	237 832	289 979	296 106	296 106	289 350	323 327	339 122
Surplus/(Deficit) for the year	2	(33 180)	44 965	61 238	75 270	75 575	75 575	124 668	109 816	120 083

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 20 Surplus/Deficit calculations for the trading services

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity										
Total revenue	38 242	51 916	59 811	87 422	87 422	87 422	87 422	60 063	62 063	67 063
Operating expenditure	39 880	38 130	42 840	52 186	52 186	52 186	55 634	55 634	60 053	62 593
Surplus/(Deficit) for the year	(1 639)	13 786	16 971	35 236	35 236	35 236	31 788	4 429	2 010	4 470
Percentage Surplus	-4.28%	26.55%	28.37%	40.31%	40.31%	40.31%	36.36%	7.37%	3.24%	6.67%

- The table highlights that this is the case for Electricity services. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.

Table 21MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	15 501	22 600	19 112	34 365	34 365	34 365	34 365	36 427	38 610	44 713
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	33 912	35 753	37 506	46 895	46 895	46 895	46 895	49 536	49 536	49 536
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	6 411	6 609	7 196	7 550	7 550	7 550	7 550	8 078	8 482	8 906
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		534	566	694	729	729	729	729	774	764	110
Interest earned - external investments		5 572	5 414	3 607	3 500	3 500	3 500	3 500	5 987	4 200	4 410
Interest earned - outstanding debtors		2 289	2 464	4 089	4 081	4 081	4 081	4 081	4 277	4 483	4 698
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 509	3 672	1 821	2 601	2 600	2 600	2 600	2 730	2 881	3 024
Agency Fees		2 094	2 189	2 291	1 950	1 950	1 950	1 950	2 048	2 160	2 268
Licences and permits		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		120 143	139 932	149 581	183 173	184 856	184 856	184 856	177 382	190 193	198 702
Other revenue	2	5 296	16 038	1 297	1 319	1 328	1 328	1 328	2 103	1 435	9 624
Gains on disposal of PPE		(5 064)	537	(79)	3 824	3 824	3 824	3 824	15	-	-
Total Revenue (excluding capital transfers and contributions)		188 196	235 775	227 116	289 987	291 678	291 678	291 678	289 357	302 743	325 992
Expenditure By Type											
Employee related costs	2	57 395	69 115	75 879	96 711	97 051	97 051	97 051	95 663	99 773	108 432
Remuneration of councillors		13 900	14 807	15 937	15 891	16 481	16 481	16 481	18 682	19 616	19 616
Debt impairment	3	63 893	27 795	2 249	12 610	8 250	8 250	8 250	5 000	20 000	20 000
Depreciation & asset impairment	2	17 084	19 062	20 919	20 879	20 879	20 879	20 879	14 320	23 453	24 632
Finance charges		4 275	2	15	-	5	5	5	-	-	-
Bulk purchases	2	24 556	26 147	28 924	34 000	34 000	34 000	34 000	39 100	41 055	43 108
Other materials	8	10 293	10 751	12 592	10 466		10 384	10 384	11 242	11 057	11 118
Contracted services		12 329	13 389	13 417	19 956	18 269	18 269	18 269	24 408	25 589	26 868
Transfers and grants		23 663	32 778	23 564	20 333	25 767	25 767	25 767	19 116	21 920	22 261
Other expenditure	4, 5	26 305	35 643	44 434	59 134	75 404	65 020	65 020	61 819	60 864	63 090
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		253 693	249 489	237 930	289 979	296 106	296 106	296 106	289 350	323 328	339 122
Surplus/(Deficit)		(65 497)	(13 714)	(10 815)	8	(4 428)	(4 428)	(4 428)	7	(20 585)	(13 130)
Transfers recognised - capital		32 317	58 679	71 980	75 262	80 003	80 003	80 003	124 661	130 400	133 213
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(33 180)	44 965	61 165	75 270	75 575	75 575	75 575	124 668	109 815	120 083
Taxation											
Surplus/(Deficit) after taxation		(33 180)	44 965	61 165	75 270	75 575	75 575	75 575	124 668	109 815	120 083
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(33 180)	44 965	61 165	75 270	75 575	75 575	75 575	124 668	109 815	120 083
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(33 180)	44 965	61 165	75 270	75 575	75 575	75 575	124 668	109 815	120 083

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R414, million (including capital and escalates to R459, 2million by 2017/18.
2. Revenue to be generated from property rates is R36, 4 million in the 2016/17 financial year and increases to R44, 7 million by 2018/19 which represents 9 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R57, 6 million for the 2016/17 financial year and increasing to R58, 4million by 2018/19. For the 2016/17 financial year services charges amount to 14 per cent of the total revenue base .This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised . operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases have significantly increased over the 2012/13 to 2016/17 period escalating from R24 million to R39 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	1 995	1 476	1 476	1 476	1 476	-	-	-
Vote 4 - Development & Planning		-	-	400	650	650	650	650	-	-	-
Vote 5 - Community		-	-	800	1 500	1 500	1 500	1 500	-	-	-
Vote 6 - Infrastructure		40 874	-	38 938	90 793	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	40 874	-	42 133	94 419	3 626	3 626	3 626	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		23	5 529	125	315	65	65	65	-	-	-
Vote 2 - Budget & Finance		11 900	4 603	1 364	2 300	2 300	2 300	2 300	100	200	300
Vote 3 - Corporate		638	214	502	522	1 337	1 337	1 337	1 480	1 000	150
Vote 4 - Development & Planning		786	2 803	413	700	1 457	1 457	1 457	2 905	2 070	30
Vote 5 - Community		2 178	12 610	3 736	5 895	9 395	9 395	9 395	7 651	1 000	1 000
Vote 6 - Infrastructure		4 336	70 602	55 974	39 455	108 377	108 377	108 377	141 911	54 980	103 802
Capital single-year expenditure sub-total		19 861	96 362	62 115	49 187	122 931	122 931	122 931	154 046	59 250	105 282
Total Capital Expenditure - Vote		60 735	96 362	104 248	143 606	126 557	126 557	126 557	154 046	59 250	105 282
Capital Expenditure - Standard											
Governance and administration		12 561	10 347	3 969	4 583	5 148	5 148	5 148	1 580	1 200	450
Executive and council		23	5 529	108	285	35	35	35	-	-	-
Budget and treasury office		11 900	4 603	1 364	2 300	2 300	2 300	2 300	100	200	300
Corporate services		638	214	2 497	1 998	2 813	2 813	2 813	1 480	1 000	150
Community and public safety		2 178	12 610	4 536	41 078	34 709	34 709	34 709	30 001	1 000	1 000
Community and social services		2 178	610	2 216	3 195	6 175	6 175	6 175	1 000	1 000	1 000
Sport and recreation		-	9 717	873	12	1 032	1 032	1 032	5 800	-	-
Public safety		-	2 283	1 448	4 188	3 688	3 688	3 688	851	-	-
Housing		-	-	-	33 683	23 814	23 814	23 814	22 350	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		786	2 803	830	1 380	2 137	2 137	2 137	2 905	2 070	30
Planning and development		786	2 803	830	1 380	2 137	2 137	2 137	2 905	2 070	30
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		45 210	64 677	94 912	96 565	84 562	84 562	84 562	119 561	54 980	103 802
Electricity		45 210	64 648	94 912	96 565	84 562	84 562	84 562	119 561	54 980	103 802
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	29	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	60 735	90 437	104 248	143 606	126 557	126 557	126 557	154 046	59 250	105 282
Funded by:											
National Government		27 617	58 708	103 617	75 262	75 569	75 569	75 569	124 661	59 250	105 282
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 617	58 708	103 617	75 262	75 569	75 569	75 569	124 661	59 250	105 282
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		33 118	31 729	631	50 188	50 988	50 988	50 988	29 385	-	-
Total Capital Funding	7	60 735	90 437	104 248	143 606	126 557	126 557	126 557	154 046	59 250	105 282

notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		4 623	3 256	8 455	5 209	(4 545)	(4 545)	(4 545)	9 131	9 861	10 650
Call investment deposits	1	72 612	54 310	22 032	16 532	18 914	18 914	18 914	(36 183)	57 549	116 116
Consumer debtors	1	4 877	2 699	18 206	4 702	4 702	4 702	4 702	11 479	11 560	11 644
Other debtors		22 784	21 554	18 592	10 512	10 512	10 512	10 512	17 848	16 777	15 435
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—	—
Inventory	2	545	547	3 341	580	567	567	567	1 482	1 458	1 465
Total current assets		105 442	82 366	70 625	37 536	30 151	30 151	30 151	3 756	97 205	155 311
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		6 989	—	—	—	—	—	—	—	—	—
Investment property		9 898	21 891	19 174	9 843	9 843	9 843	9 843	19 174	19 174	19 174
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	421 234	520 247	603 770	830 542	814 002	814 002	814 002	846 457	882 254	962 904
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		523	951	672	2 215	1 917	1 917	1 917	2 990	2 592	2 373
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		438 643	543 089	623 616	842 600	825 762	825 762	825 762	868 621	904 019	984 451
TOTAL ASSETS		544 085	625 455	694 241	880 136	855 913	855 913	855 913	872 377	1 001 224	1 139 762
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	—	—	—	—	—	—	—	—	—	—
Consumer deposits		240	238	296	331	331	331	331	379	393	408
Trade and other payables	4	30 097	28 187	33 823	27 287	27 235	27 235	27 235	31 207	31 663	32 947
Provisions		537	837	1 563	522	564	564	564	1 158	1 174	1 223
Total current liabilities		30 874	29 262	35 681	28 140	28 129	28 129	28 129	32 744	33 231	34 577
Non current liabilities											
Borrowing		—	—	—	10 282	10 282	10 282	10 282	—	—	—
Provisions		17 809	19 762	21 063	10 643	11 481	11 481	11 481	23 118	23 443	24 404
Total non current liabilities		17 809	19 762	21 063	20 925	21 763	21 763	21 763	23 118	23 443	24 404
TOTAL LIABILITIES		48 683	49 024	56 744	49 065	49 892	49 892	49 892	55 862	56 674	58 981
NET ASSETS	5	495 402	576 430	637 497	831 071	806 021	806 021	806 021	816 515	944 550	1 080 781
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		308 088	261 831	544 741	725 737	700 687	700 687	700 687	501 890	629 926	766 156
Reserves	4	187 314	314 600	92 755	105 334	105 334	105 334	105 334	314 625	314 625	314 625
TOTAL COMMUNITY WEALTH/EQUITY	5	495 402	576 430	637 497	831 071	806 021	806 021	806 021	816 515	944 550	1 080 781

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as %accounting+ Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 83) providing a detailed analysis of the major components of a number of items, including:
 - É Call investments deposits;
 - É Consumer debtors;
 - É Property, plant and equipment;
 - É Trade and other payables;
 - É Provisions non-current;
 - É Changes in net assets; and
 - É Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24MBRRTable A7 - Budgeted Cash Flow Statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		15 501	22 600	9 325	25 087	25 087	25 087	25 087	30 016	31 814	36 843
Service charges		32 601	28 468	43 258	39 745	39 745	39 745	39 745	47 474	47 807	48 156
Other revenue		12 120	9 904	4 837	6 568	6 568	6 568	6 568	7 654	7 240	15 026
Government - operating	1	120 143	139 932	148 861	183 173	180 791	180 791	180 791	177 382	190 193	198 702
Government - capital	1	24 765	50 965	71 332	75 262	77 644	77 644	77 644	124 661	130 400	133 213
Interest		7 861	7 878	7 696	7 581	7 581	7 581	7 581	10 264	8 683	9 108
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		(151 255)	(164 496)	(185 184)	(236 157)	(243 530)	(243 530)	(243 530)	(188 156)	(196 635)	(208 183)
Finance charges		(7)	(2)	(15)	-	-	-	-	-	-	-
Transfers and Grants	1	(23 663)	(32 778)	(22 946)	(6 333)	(6 333)	(6 333)	(6 333)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES											
		38 066	62 471	77 163	94 926	87 554	87 554	87 554	209 295	219 501	232 866
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 307	40	5	3 824	3 824	3 824	3 824	15	-	-
Decrease (Increase) in non-current debtors		25 798	(19 713)		-	-	-	-	-	-	-
Decrease (increase) other non-current receivables					-	-	-	-	-	-	-
Decrease (increase) in non-current investments					-	-	-	-	-	-	-
Payments											
Capital assets		(90 436)	(62 467)	(104 248)	(143 606)	(143 606)	(143 606)	(143 606)	(154 046)	(59 250)	(105 282)
NET CASH FROM/(USED) INVESTING ACTIVITIES											
		(63 331)	(82 140)	(104 243)	(139 783)	(139 783)	(139 783)	(139 783)	(154 031)	(59 250)	(105 282)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing					18 157	18 157	18 157	18 157	-	-	-
Increase (decrease) in consumer deposits					91	91	91	91	49	14	14
Payments											
Repayment of borrowing					(9 216)	(9 216)	(9 216)	(9 216)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES											
		-	-	-	9 031	9 031	9 031	9 031	49	14	14
NET INCREASE/ (DECREASE) IN CASH HELD											
		(25 265)	(19 669)	(27 080)	(35 826)	(43 198)	(43 198)	(43 198)	55 312	160 265	127 598
Cash/cash equivalents at the year begin:	2	102 500	77 235	57 566	57 566	30 487	30 487	30 487	(12 711)	42 602	202 867
Cash/cash equivalents at the year end:	2	77 235	57 566	30 487	21 741	(12 711)	(12 711)	(12 711)	42 602	202 867	330 465

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 25MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	77 235	57 566	30 487	21 741	(12 711)	(12 711)	(12 711)	(27 052)	67 411	126 766
Other current investments > 90 days		(0)	(0)	0		27 079	27 079	27 079	-	-	-
Non current assets - Investments	1	6 989	-	-	-	-	-	-	-	-	-
Cash and investments available:		84 224	57 566	30 487	21 741	14 368	14 368	14 368	(27 052)	67 411	126 766
Application of cash and investments											
Unspent conditional transfers		15 894	8 697	8 049	(1 454)	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(10 792)	8 358	(890)	17 770	16 298	16 298	16 298	9 646	10 890	12 653
Other provisions		(10 231)		(1 886)	52	19					
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(5 129)	17 055	5 273	16 368	16 316	16 298	16 298	9 646	10 890	12 653
Surplus(shortfall)		89 353	40 511	25 214	5 373	(1 948)	(1 929)	(1 929)	(36 698)	56 521	114 113

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 . Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/13 the surplus increased from R89million to R114million in 2018/19. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 26 MBRR Table A9 - Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	62 607	90 437	104 248	143 606	126 557	126 557	154 046	59 250	105 282
Infrastructure - Road transport		37 168	48 604	38 899	35 177	30 847	30 847	36 511	47 880	50 552
Infrastructure - Electricity		4 216	12 517	21 367	50 737	39 704	39 704	82 150	7 000	52 750
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	313	2 206	6 718	9 678	9 278	3 350	1 000	1 000
Infrastructure		41 384	61 434	62 472	92 632	80 229	79 829	122 071	55 880	104 302
Community		7 561	10 109	8 271	15 632	16 758	17 158	6 150	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		122	-	-	-	-	-	-	-	-
Other assets	6	13 381	18 273	33 505	32 993	29 570	27 218	25 786	3 170	680
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		160	621	-	2 350	-	2 352	100	200	300
Total Capital Expenditure	4									
Infrastructure - Road transport		37 168	48 604	38 899	35 177	30 847	30 847	36 511	47 880	50 552
Infrastructure - Electricity		4 216	12 517	21 367	50 737	39 704	39 704	82 150	7 000	52 750
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	313	2 206	6 718	9 678	9 278	3 350	1 000	1 000
Infrastructure		41 383 739	61 434 102	62 471 593	92 632 222	80 229 119	79 829 119	122 070 800	55 880 000	104 302 000
Community		7 561	10 109	8 271	15 632	16 758	17 158	6 150	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		122	-	-	-	-	-	-	-	-
Other assets		13 381	18 273	33 505	32 993	29 570	27 218	25 786	3 170	680
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		160	621	-	2 350	-	2 352	100	200	300
TOTAL CAPITAL EXPENDITURE - Asset class	2	62 607	90 437	104 248	143 606	126 557	126 557	154 046	59 250	105 282
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		251 565	285 746	295 766	432 679	428 348	428 348	469 039	516 919	567 471
Infrastructure - Electricity		-	-	-	175 673	164 640	164 640	247 690	254 690	307 440
Infrastructure - Water		-	-	-	167	167	167	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		50 940	75 091	126 368	30 163	33 123	33 123	33 123	34 123	35 123
Infrastructure		302 505	360 837	422 134	638 682	626 279	626 279	749 852	805 732	910 034
Community		92 288	74 977	75 558	279 331	280 457	280 457	294 758	300 908	300 908
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		9 898	21 891	19 174	9 843	9 843	9 843	19 174	19 174	19 174
Other assets		26 451	84 434	106 078	32 993	29 570	29 570	31 255	34 425	35 105
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		489	951	672	2 215	1 917	1 917	2 990	2 592	2 373
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	431 631	543 089	623 616	963 064	948 066	948 066	1 098 029	1 162 831	1 267 595
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		17 117	19 062	20 919	20 879	20 879	20 879	14 320	23 453	24 632
Repairs and Maintenance by Asset Class	3	10 366	10 751	12 592	10 476	-	10 384	11 232	11 057	11 118
Infrastructure - Road transport		2 399	4 380	-	4 093	-	3 065	2 870	2 185	2 305
Infrastructure - Electricity		288	392	12 592	1 030	-	1 030	900	946	994
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		6 323	4 020	-	-	-	-	-	-	-
Infrastructure		9 010	8 792	12 592	5 123	-	4 095	3 770	3 131	3 300
Community		262	223	-	1 850	-	1 810	2 100	2 220	2 345
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	1 094	1 736	-	3 503	-	4 479	5 362	5 706	5 473
TOTAL EXPENDITURE OTHER ITEMS		27 483	29 813	33 511	31 355	20 879	31 263	25 552	34 511	35 749
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		2.5%	2.1%	2.1%	1.3%	0.0%	1.3%	1.3%	1.3%	1.2%
Renewal and R&M as a % of PPE		2.0%	2.0%	2.0%	1.0%	0.0%	1.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.

Table 9 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)	3	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		3 400	3 400	3 800	3 800	3 800	3 800	4 000	4 000	4 200
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		3 400	3 400	3 800	3 800	3 800	3 800	4 000	4 000	4 200
Total number of households	5	6 800	6 800	7 600	7 600	7 600	7 600	8 000	8 000	8 400
Refuse:										
Removed at least once a week	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		4 400	4 400	4 500	4 550	4 550	4 550	4 600	4 650	5 000
Removed less frequently than once a week	4	-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		4 400	4 500	4 550	4 550	4 550	4 550	4 600	4 650	5 000
Total number of households	5	8 800	8 900	9 050	9 100	9 100	9 100	9 200	9 300	10 000
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	1 316 000	420 000	7 892 689	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000
Refuse (removed at least once a week)	235 000	3 036 000	1 995 455	5 000 000	5 000 000	5 000 000	5 000 000	2 000 000	2 000 000	2 000 000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	40	44	89	95	95	95	95	102	109	116
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	1 316	420	7 893	10 000	10 000	10 000	10 000	10 000	10 000	10 000
Refuse (in excess of one removal a week for indigent households)	235	3 036	1 995	5 000	5 000	5 000	5 000	2 000	2 000	2 000
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	1 551	3 456	9 888	15 000	15 000	15 000	12 000	12 000	12 000

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 19601 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services. The number is to be maintained at 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R12 million in 2016/17, increasing to R16 million in 2017/18. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2016/17 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2015.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. No amendments were recommended as the policies were approved less than 4 months prior to this meeting;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in September 2015;
 - d) IDP / Budget Outreaches were held in September 2015. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
 - e) In January 2016 a Strategic Planning Workshop was held in Durban during which Standing Committees in their various commissions developed their respective KPAs and objectives for 2016/2017;
 - f) The Budget Office compiled a Draft Budget which was present to Management, the Budget & Finance Standing Committee and EXCO during March 2016;
 - g) The Draft Budget for 2016/2017 was tabled to Council by the Mayor on 31 March 2016;
 - h) The approved annual Budget is to be submitted to Provincial Treasury and to National Treasury by the 13st May 2016;
 - i) On the 30 May 2016 Council will consider approval of the annual Budget, Tariffs and all budget related schedules and policies.

2. Input from Stakeholders

The following input was received:

- a) Recommendations from provincial
 - i. More effort should be put in ensuring that all the information that is indicated as not populated as per budget check list to be submitted and or populated to ensure full compliance
 - ii. The mayor's report should reflect to all critical components of the budget.
 - iii. The municipality should maintain required repairs and maintenance levels on the PPE to ensure that cash generated assets perform
 - iv. Clear and sufficient information on the measurable performance objectives and indicators must be included in the budget report.
 - v. Capital Budget to be accompanied by procurement plans to track spending of budgets.
 - vi. Tariff setting to be cost recovery based if the municipality has adopted a zero based method of budgeting .

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2015-2018 and the 2016/2017 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2016/2017 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's. Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative . Through link with the IDP.
- The Financial Imperative . Through links with the Budget
- The Performance Imperative . Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPIs);

- Accelerated and Shared Growth
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2015/2016 Financial Year		2016/2017 MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personal;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated scrolal plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines . so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

Table 10MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
1. Reduction of Service Delivery Backlogs												
1.1 PMU				29 263	48 775	46 926	47 644	47 644	47 644	-	-	-
	Sports Fields			Ensure that sporting facilities are available in communities								
	Community Hall			Ensure accessibility to all communities of Matatiele Local Municipality								
	Upgrading Of Access			Ensure that gravel roads in all 03 towns of Matatiele Local Municipality are upgraded to tarred roads								
	Bridges			Ensure that communities are accessible								
1.2 Electricity				38 242	51 916	59 811	87 422	87 422	87 422	140 063	142 063	142 063
	Rural Electrification			To Provide households with access to basic electricity								
	Substation			To provide additional capacity in Matatiele town								
	Procurement Of Crane			Procure equipment to replace ageing infrastructure in order to replace streetlights and distribution poles								
	Additional Facilities			Provide additional facilities at electrical depot								
	Working Tools			To improve working condition by Procuring tools and equipment(Prepaid meter tester, spiking gun)								
	Vehicles			To provide additional transport for electrical staff								
	High Mast Light			To install high mast light to provide area lighting								
1.3 Civil				7 203	2 843	8	23	23	23	47 035	50 425	53 238
Civil				7 203	2 843	8	23	23	23	47 035	50 425	53 238
Solid Waste				-	-	-	-	-	-	-	-	-
	Storm Water And Drainage			To ensure that all communities are protected against flooding								
	Maintenance Of Tarred			To ensure that existing surfaced roads are maintained.								
	Maintenance Of Gravel			To ensure that existing gravel roads are maintained.								
	Kerbing And Channeling			To ensure that roads and assets are maintained								
	Acquisition Of Additional											
1.4 Human Settlement				-	-	-	120	120	120	100	150	-
	Damaged Halls			Ensure that damaged community halls are rehabilitated								
	Fresh Produce Market			To create conducive environment to fresh produce market								
	Building Of Offices			To provide sufficient office space and improve working conditions								
	Procurement Of A0 Plotter			To introduce paperless system								
	Registration Of Housing			Ensure registration of beneficiaries for the development of Human Settlements								
1.5 Public Amenities				7 739	11 769	8 376	13 490	14 350	14 350	11 031	11 572	11 413
Public Amenities				508	641	-	675	1 535	1 535	674	702	-
Environmental				820	519	7 603	12 815	12 815	12 815	10 357	10 870	11 413
Museum				-	-	-	-	-	-	-	-	-
Solid Waste				6 411	10 609	-	-	-	-	-	-	-
Public Amenities				-	-	774	-	-	-	-	-	-
	Maintenance Of			To ensure that existing community facilities are maintained								

Table 30MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
1. Reduction of Service Delivery Backlogs												
1.1 PMU				2 181	7 975	1 639	6 323	4 923	4 923	-	-	-
	Sports Fields			Ensure that sporting facilities are available in communities								
	Community Hall			Ensure accessibility to all communities of Matatiele Local Municipality								
	Upgrading Of Access			Ensure that gravel roads in all 03 towns of Matatiele Local Municipality are upgraded to tarred roads								
	Bridges			Ensure that communities are accessible								
1.2 Electricity				39 880	38 130	42 840	52 186	52 186	52 186	55 634	60 053	62 593
	Rural Electrification			To Provide households with access to basic electricity								
	Substation			To provide additional capacity in Matatiele town								
	Procurement Of Crane			Procure equipment to replace ageing infrastructure in order to replace streetlights and distribution poles								
	Additional Facilities			Provide additional facilities at electrical depot								
	Working Tools			To improve working condition by Procuring tools and equipment(Prepaid meter tester, spiking gun)								
	Vehicles			To provide additional transport for electrical staff								
	High Mast Light			To install high mast light to provide area lighting								
1.3 Civil				39 279	28 786	30 516	20 450	20 400	20 400	22 258	22 337	23 883
Civil				39 279	28 786	30 516	20 450	20 400	20 400	22 258	22 337	23 883
Solid Waste				-	-	-	-	-	-	-	-	-
	Storm Water And Drainage			To ensure that all communities are protected against flooding								
	Maintainance Of Tarred			To ensure that existing surfaced roads are maintained.								
	Maintenance Of Gravel			To ensure that existing gravel roads are maintained.								
	Kerbing And Channeling			To ensure that roads and assets are maintained								
	Acquisition Of Additional											
1.4 Human Settlement				-	-	-	2 413	2 263	2 263	3 698	4 114	3 722
	Damaged Halls			Ensure that damaged community halls are rehabilitated								
	Fresh Produce Market			To create conducive environment to fresh produce market								
	Building Of Offices			To provide sufficient office space and improve working conditions								
	Prucuremt Of A0 Plotter			To introduce paperless system								
	Rehistration Of Housing			Ensure registration of beneficiaries for the development of Human Settlements								
1.5 Public Amenities				16 765	19 682	19 770	27 044	27 810	27 810	23 129	26 296	29 223
Public Amenities				1 888	5 027	-	8 892	9 793	9 793	6 489	6 862	8 704
Enviromental				1 964	2 127	13 768	18 152	18 017	18 017	16 640	19 433	20 518
Museum				202	-	-	-	-	-	-	-	-
Solid Waste				12 710	12 528	-	-	-	-	-	-	-
Public Amenities				-	-	6 002	-	-	-	-	-	-
	Maintanance Of			To ensure that existing community facilities are maintained								

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
2. Local Economic Development, Rural Development and Employment Creation through the EPWP and CWP												
2.1 LED				5 275	3 488	6 866	7 599	9 304	9 304	7 223	7 749	8 203
	Grain Storage			To provide agriculture infrastructure – grain storage facilities								
	Smme Support			To support SMMEs in crop production								
	Arable Lands			To provide security for arable lands.								
	Poverty Relief			To support poverty relief								
	Forestry			To support forestry enterprises with Environmental Impact assessments (EIAs) studies								
	Training For Cooperatives			To support Cooperatives with training.								
	Informal Sector Support			Infrastructure support for Informal Sector								
	Destination Marketing			To market Matatiele as an destination of choice								
	Mountain Lake Chalets			To co ordinate and monitor the functioning of the Mountain lake chalet								
	Research			To identify tourist attractions around Matatiele								
	Funding Support			To assist local SMMEs and Coops with funding support								
2.2 EPWP				–	5 138	10 525	5 327	5 177	5 177	5 605	4 017	4 132
EPWP				–	5 138	10 525	–	–	–	–	–	–
EPWP				–	–	–	5 327	5 177	5 177	5 605	4 017	4 132
	EPWP			130 Nkhoesa' Mofokeng; 78 Rea Hloekisa, 52 Food for Waste								
3. Proper Spatial Development Planning through the SDF for the Nodal Areas of Maluti, Cedarville and Matatiele												
3.1 LED				4 829	4 744	6 546	5 978	5 801	5 801	5 727	5 735	6 120
Planning				3 788	2 789	3 673	3 935	4 059	4 059	3 583	3 146	3 375
Humans				–	404	1 436	–	–	–	–	–	–
Housing				–	–	–	–	–	–	–	–	–
Governance				1 041	1 551	1 437	2 042	1 742	1 742	2 144	2 589	2 744
	Middle Income Housing											
	Commercial & Industrial			To provide land for Commercial and industrial development								
	Rezoning Process			To process rezoning and special consent applications within days of receipt								
	Applications			To process subdivision and consent applications within 60 days turnaround time								
	Town Planning Scheme			Enforce compliance with the Town Planning Scheme by 2017								
	Land Tenure Rights			To upgrade land tenure rights for Maluti Township								
	Policies			To formulate Policies in line with the relevant legislation								
	Out-Door Advertising			management of out-door advertising								

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
4. Good Governance and Public Participation												
4.1 Communitons, IGR, Protocol & Migration				14 443	30 099	30 512	42 361	41 099	41 099	44 853	46 620	48 954
Communications				1 824	2 047	2 540	4 138	3 438	3 438	6 346	5 963	6 352
Municipal Manager				3 379	15 024	3 677	4 944	6 082	6 082	5 562	5 907	6 202
Risk Management				-	-	-	-	-	-	667	718	774
Council Support				-	2 448	10 530	12 711	12 261	12 261	8 585	9 190	9 846
Library				387	-	-	-	-	-	-	-	-
Governance				1 215	1 342	1 444	1 930	1 730	1 730	2 041	6 286	6 350
Governance				835	1 255	1 781	5 404	5 354	5 354	6 184	6 540	6 753
Public Safety				6 803	7 983	10 541	13 234	12 234	12 234	15 468	12 016	12 677
	Communication Strategy			To have an approved and implemented Municipal Communication Strategy Action Plan								
	Inter-Governmental			To promote Coordinated planning of service delivery projects within the Municipality								
	Inter-Governmental Relations			To strengthen relations between Municipalities								
	Mayoral Projects			To promote engagements between communities and the Municipality								
	Mayoral Projects			To assess progress on service delivery projects.								
	Marketing And Branding			To ensure proper coordination marketing and branding of municipal events								
	Marketing And Branding			To ensure proper coordination marketing and branding of municipal events								
	Access To Information			To promote and market the Municipality as the destination of choice								
	Migration Services			To promote access to information								
4.2 IDP/M&E				3 664	3 906	3 870	3 046	4 192	4 192	4 899	4 182	4 550
	Idp Development			To have developed a credible IDP by 2017								
	Performance Management			To ensure the Municipality has a functional Organisational Performance Management System								
4.3 Internal Audit				1 572	1 987	3 754	2 903	3 553	3 553	2 416	3 241	2 435
	Governance Issues:			To strive for clean audit opinion								
	Governance Issues:			To submit credible Annual financial statements to AG.								
	Governance Issues:			To ensure independent assurance and consulting activities designed to add value and improve the organisations operations.								
	Governance Issues:			To strengthen internal controls								
	Internal Audit											
	Governance Issues:			To improve effeciancy and effectiveness.								
4.4 SPU				1 949	2 579	2 920	2 862	2 562	2 562	-	-	-
	Youth Development And			To Lobby and advocate for Development issues affectingyouth and children								
	Women Empowerment And			To facilitate and coordinate women and elderly empowerment initiatives								
	Hiv/Aids Management			To coordinate HIV/AIDS Management initiatives								
	People Living With			To promote and protect the rights of disabled people								
4.5 Administrative Support				11 468	15 368	9 476	12 697	12 747	12 747	14 314	15 207	16 158
	Proper Record-Keeping			To create a well-structured records and information management system								
	Governance And Oversight			To deliver an efficient and effective support to the functioning of the council and its committees								
	Safe And Secure			To provide safety and security for the Municipal property and human resources								
	Rendering Of All Auxiliary			To coordinate provision of all auxiliary services within the Municipality								
	Efficient And Effective Implementation Of			To deliver an efficient and effective support to the functioning of the council and its committees								

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employees performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

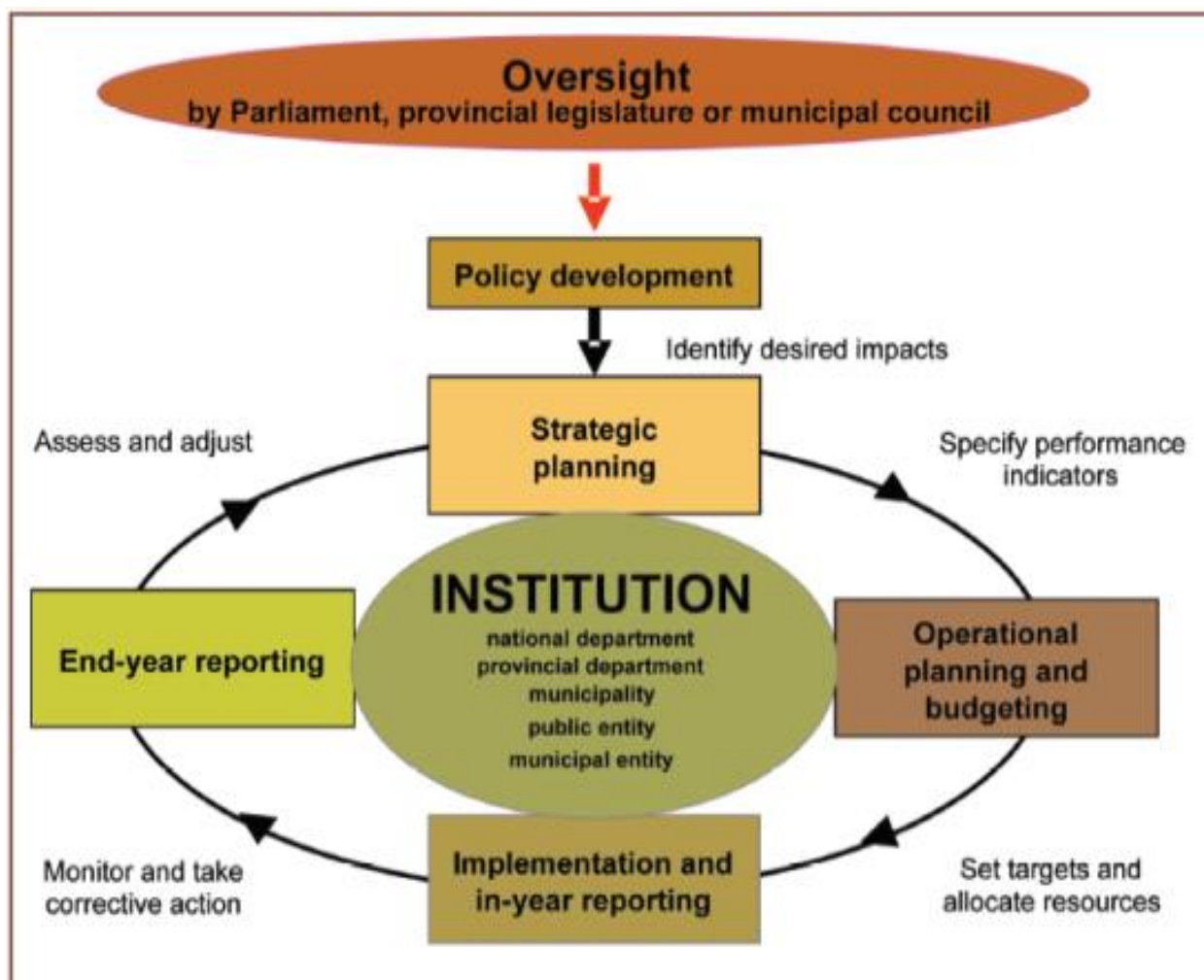


Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

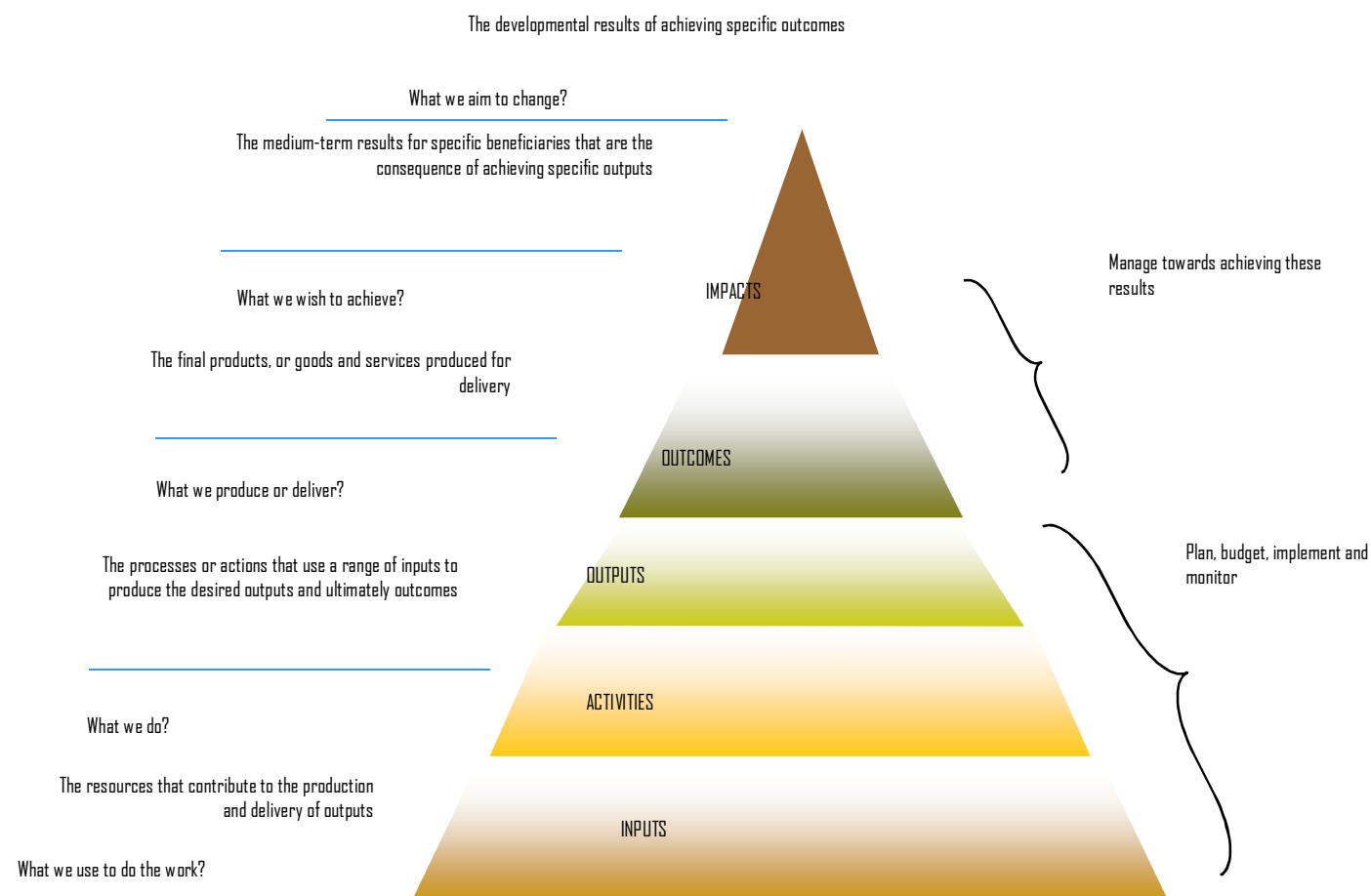


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 11MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.7%	0.0%	0.0%	3.2%	3.1%	3.1%	3.1%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.3%	0.0%	0.0%	8.6%	8.6%	8.6%	8.6%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	26.6%	35.6%	35.6%	35.6%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	9.8%	9.8%	9.8%	9.8%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	3.4	2.8	2.0	1.3	1.1	1.1	1.1	0.1	2.9	4.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.4	2.8	2.0	1.3	1.1	1.1	1.1	0.1	2.9	4.5
Liquidity Ratio	Monetary Assets/Current Liabilities	2.5	2.0	0.9	0.8	0.5	0.5	0.5	(0.8)	2.0	3.7
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		132.4%	48.3%	100.0%	73.0%	73.0%	73.0%	73.0%	74.7%	74.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		86.2%	78.6%	100.0%	73.0%	73.0%	73.0%	73.0%	74.7%	74.7%	74.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.7%	10.3%	16.2%	4.5%	5.2%	5.2%	5.2%	10.1%	9.4%	8.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		18.0%	33.9%	84.5%	125.3%	-214.3%	-214.3%	-214.3%	-115.4%	47.0%	26.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.5%	29.3%	33.4%	33.3%	33.3%	33.3%	33.3%	33.1%	33.0%	33.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.9%	35.6%	41.1%	41.5%	38.9%	38.9%		41.3%	41.6%	41.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.5%	4.6%	0.0%	3.6%	0.0%	3.6%		3.9%	3.7%	3.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.3%	8.1%	9.2%	7.2%	7.2%	7.2%	7.2%	4.9%	7.7%	7.6%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	8.6	12.5	4.6	6.4	6.4	6.4	10.4	12.9	12.4	14.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	49.1%	37.0%	57.0%	17.0%	17.0%	17.0%	17.0%	30.9%	29.1%	26.2%
iii. Cost coverage	(Av available cash + Investments)/monthly fixed operational expenditure	4.5	3.6	2.1	1.3	(0.7)	(0.7)	(0.7)	(1.5)	3.4	6.0

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/2017 MTREF:

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

É *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

É *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

É *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 1.4 in the 2016/17 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

É *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

É As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- É The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- É Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- É Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 19 600 registered indigents have been provided for in the budget with this figure increasing to 21 000 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the policies that are current adopted by

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.gov.za

Budget Related Policies

- 1 Credit Control & Debt Collection Policy
- 2, Banking & Investment Policy & Implementation Guide
- 3 Fixed Asset Management Policy & Implementation Guide
- 4 Budget Policy & Implementation Guide
- 5 Property Rates Policy
- 6 Transport Policy
- 7 Tariff Policy
- 8 Supply Chain Management Policy
- 9 Indigent Policy
- 10 GRAP Framework Policy
- 11 Data Backup Policy
- 12 Cash Management Policy
- 13 Special Service Tariff Policy
- 14 Grant & Donation Policy
- 15 Donor Finance Policy
- 16 Payment Policy
- 17 Virement Policy
- 18 Cash-Up Policy
- 19 Cash Shortage Policy
- 20 Electricity Policy
- 21 Credit Card Policy
- 22 Entertainment / Refreshment Policy
- 23 Customer Incentive Scheme Policy
- 24 Strategy to Improve Debtor Payment Policy
- 25 Customer Care Policy
- 26 Fraud Prevention & Response Plan Policy
- 27 Debt Capacity Policy
- 28 Unknown Deposits Policy
- 29 Infrastructure Procurement Policy

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2016/17 budget:

Estimate Salary Increases

- 2016/17 . 7%
- 2017/18 . 7%
- 2018/19 . 7%

Debt Impairment: the overall collection levels are estimate around 86% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 85% (90% in 2016 / 2017)
- Electricity 90% (95% in 2016 / 2017)
- Refuse 90% (95% in 2016 / 2017)

Indigent Support to increase from 1% to 30% of all registered indigents;

Bulk Electricity purchases: MLM has assumed tariff increase of 7.64% from Eskom and will increase its tariffs with 7.64% as determined by NERSA;

Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

Matatiele Local Municipality will continue with its current powers and functions;

The Budget is based on current service levels.

Government grants for the years 2016/2017 to 2018/2019 are as per the Division of Revenue Act, assuming that all allocations will be received;

Growth in staff related costs has been provided for in the budget at 7% per annum, growth in the remaining expense items range from 0% to 10%;

Provision has been made for tariff increases relating to services at an average rate of 7% per annum; and

Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

Table 34 Credit Rating outlook

	Currency	Rating	Annual rating	Previous Rating
Security class			Oct-16	
Short term	Rand	Prime -1	20-Apr-16	Prime -1
Long-term	Rand	Aa3	20-Apr-16	Aa3
Outlook	Rand	Negative	20-Apr-16	Negative

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 12 Breakdown of the operating revenue over the medium-term

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

- The revenue strategy is a function of key components such as:
 - Growth in the municipality and economic development;
 - Revenue management and enhancement;
 - Achievement of a 95 per cent annual collection rate for consumer revenue;
 - National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 13 Proposed tariff increases over the medium-term

Revenue Category	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property Rates	4	4	0	0	0	0	5	5	5
Solid Waste	4	4	5	0	0	0	7	7	7
Electricity	19	19	9	7.8	7.8	7.8	7.64	8	8

Table 14MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
CALL ACC STD		DAILY	DAILY	No		0.035	0	0	DAILY					7 855
CALL ACC STD		DAILY	DAILY	No		0.035	0	0	DAILY	333				8 746
CALL ACC FNB		DAILY	DAILY	No		0.039	0	0	DAILY					2 508
NEDCOR		21/05/2014	21/05/2014	No		0.1393	0	0	21/05/2014					41 932
NEDBANK		DAILY	DAILY	No		0.045	0	0	DAILY					3 650
NEDBANK MIG ACC		DAILY	DAILY	No		0.045	0	0	DAILY					11 674
FNB ESTABLISHMENT PLAN		DAILY	DAILY	No		0.034	0	0	DAILY					200
FNB HOUSING DEV FUND		DAILY	DAILY	No		0.034	0	0	DAILY					1 778
FNB DEDEA GREENEST TOWN		DAILY	DAILY	No		0.034	0	0	DAILY					
FNB TOURISM		DAILY	DAILY	No		0.034	0	0	DAILY					631
Municipality sub-total										333		0	0	78 975
Entities														
Entities sub-total										0		0	0	-
TOTAL INVESTMENTS AND INTEREST	1									333		0	0	78 975

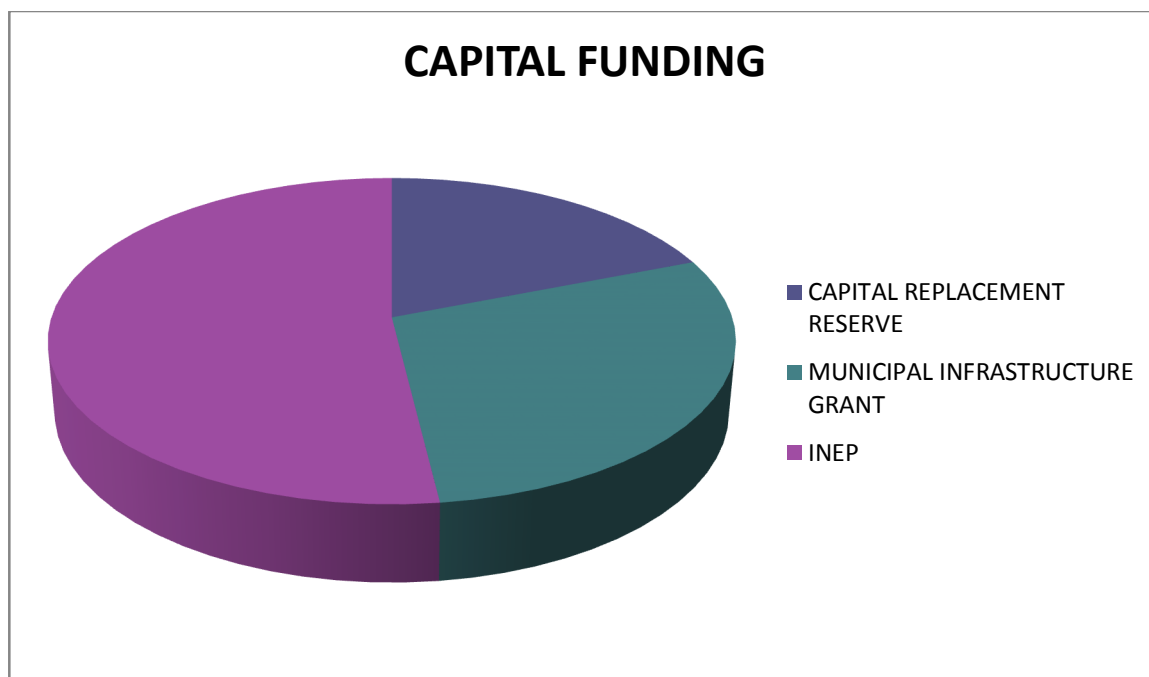
2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Figure 8 Sources of capital revenue for the 2016/17 financial year

FUNDING OF CAPITAL BUDGET	R'000
DOE	80 000
Municipal Infrastructure Grant (MIG)	44 661
Capital Replacement Reserve (CRR)	29 385
TOTAL	154 046

The above table is graphically represented as follows for the 2016/17 financial year.



The Municipality's capital funding is dependant highly on the external grants as allocated on the DORA .

The following table is of the Municipality's borrowing liability, which is not applicable for the 2016/17 as we have no long term debt

Table 15MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	-	-	10 282	10 282	10 282	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	10 282	10 282	10 282	-	-	-

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		-	-	68 831	87 759	79 170	79 170	124 661	130 400	133 213
Municipal Infrastructure Grant (MIG)		28 326	48 775	46 926	57 759	49 170	49 170	44 661	50 400	53 213
Integrated National Electrification Programme				21 905	30 000	30 000	30 000	80 000	80 000	80 000
Provincial Government:		1 005	184	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		224	-							
District Municipality:		25	-	-	-	-	-	-	-	-
Election Grant		-	121							
		-	-							
Other grant providers:		193	-	-	-	-	-	-	-	-
Far, Revenue & Payroll		430	480							
		936	-							
Total Capital Transfers and Grants	5	-	37	68 831	87 759	79 170	79 170	124 661	130 400	133 213
TOTAL RECEIPTS OF TRANSFERS & GRANTS		206	-	218 397	268 250	263 098	260 269	299 692	311 825	322 460

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding ability for councillors and management. Some specific features include:

- É Clear separation of receipts and payments within each cash flow category;
 - Clear separation of capital and operating receipts from government, which also enables cash from ratepayers and others to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
 - Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		15 501	22 600	19 112	25 087	25 087	25 087	25 087	27 214	28 845	33 404
Service charges		32 601	28 468	44 702	39 745	39 745	39 745	39 745	43 043	43 345	43 661
Other revenue		12 120	9 904	6 824	6 568	6 568	6 568	6 568	7 654	7 240	15 026
Government - operating	1	120 143	139 932	151 554	188 163	180 791	180 791	180 791	177 382	190 193	198 702
Government - capital	1	24 765	50 965	71 980	77 644	77 644	77 644	77 644	124 661	130 400	133 213
Interest		7 861	7 878	7 696	7 581	7 581	7 581	7 581	10 264	8 683	9 108
Dividends					–	–	–	–	–	–	–
Payments											
Suppliers and employees		(151 255)	(164 496)	(201 744)	(243 530)	(243 530)	(243 530)	(243 530)	(243 462)	(249 086)	(262 432)
Finance charges		(7)	(2)	(15)	–	–	–	–	–	–	–
Transfers and Grants	1	(23 663)	(32 778)	(22 946)	(6 333)	(6 333)	(6 333)	(6 333)	(7 116)	(5 920)	(6 061)
NET CASH FROM/(USED) OPERATING ACTIVITIES		38 066	62 471	77 163	94 926	87 554	87 554	87 554	139 641	153 699	164 623
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 307	40	(79)	3 824	3 824	3 824	3 824	15	–	–
Decrease (Increase) in non-current debtors		25 798	(19 713)		–	–	–	–	–	–	–
Decrease (increase) other non-current receiv ables					–	–	–	–	–	–	–
Decrease (increase) in non-current investments					–	–	–	–	–	–	–
Payments											
Capital assets		(90 436)	(62 467)	(104 163)	(143 606)	(143 606)	(143 606)	(143 606)	(154 046)	(59 250)	(105 282)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(63 331)	(82 140)	(104 243)	(139 783)	(139 783)	(139 783)	(139 783)	(154 031)	(59 250)	(105 282)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					–	–	–	–	–	–	–
Borrowing long term/refinancing					18 157	18 157	18 157	18 157	–	–	–
Increase (decrease) in consumer deposits					91	91	91	91	49	14	14
Payments											
Repayment of borrowing					(9 216)	(9 216)	(9 216)	(9 216)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	9 031	9 031	9 031	9 031	49	14	14
NET INCREASE/ (DECREASE) IN CASH HELD		(25 265)	(19 669)	(27 080)	(35 826)	(43 198)	(43 198)	(43 198)	(14 342)	94 463	59 355
Cash/cash equivalents at the year begin:	2	102 500	77 235	57 566	57 566	30 487	30 487	30 487	(12 711)	(27 052)	67 411
Cash/cash equivalents at the year end:	2	77 235	57 566	30 487	21 741	(12 711)	(12 711)	(12 711)	(27 052)	67 411	126 766

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- É How are those funds used?
- É What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be funded. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	77 235	57 566	30 487	21 741	(12 711)	(12 711)	(12 711)	(27 052)	67 411	126 766
Other current investments > 90 days		(0)	(0)	0		27 079	27 079	27 079	-	-	-
Non current assets - Investments	1	6 989	-	-	-	-	-	-	-	-	-
Cash and investments available:		84 224	57 566	30 487	21 741	14 368	14 368	14 368	(27 052)	67 411	126 766
Application of cash and investments											
Unspent conditional transfers		15 894	8 697	8 049	(1 454)	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(10 792)	8 358	(890)	17 770	16 298	16 298	16 298	9 646	10 890	12 653
Other provisions		(10 231)		(1 886)	52	19					
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(5 129)	17 055	5 273	16 368	16 316	16 298	16 298	9 646	10 890	12 653
Surplus(shortfall)		89 353	40 511	25 214	5 373	(1 948)	(1 929)	(1 929)	(36 698)	56 521	114 113

From the above table it can be seen that the cash and investments available total R9 million in the 2016/17 financial year and increase to R12million by 2018/19.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	77 235	57 566	30 487	21 741	(12 711)	(12 711)	(12 711)	(27 052)	67 411	126 766
Cash + investments at the yr end less applications - R'000	18(1)b	2	89 353	40 511	25 214	5 373	(1 948)	(1 929)	(1 929)	(36 698)	56 521	114 113
Cash year end/monthly employee/supplier payments	18(1)b	3	4.5	3.6	2.1	1.3	(0.7)	(0.7)	(0.7)	(1.5)	3.4	6.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(33 180)	44 965	61 165	75 270	75 575	75 575	75 575	124 668	109 815	120 083
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	10.4%	(7.8%)	33.2%	(6.0%)	(6.0%)	(6.0%)	(0.1%)	(3.3%)	0.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	89.2%	67.8%	95.4%	71.8%	71.8%	71.8%	71.8%	73.5%	73.3%	74.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	114.5%	42.8%	3.5%	14.2%	9.3%	9.3%	9.3%	5.3%	20.7%	19.4%
Capital payments % of capital expenditure	18(1)c;19	8	148.9%	64.8%	99.9%	100.0%	113.5%	113.5%	113.5%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	26.6%	35.6%	35.6%	35.6%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(12.3%)	51.7%	(58.7%)	0.0%	0.0%	0.0%	92.8%	(3.4%)	(4.4%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	(101.3%)	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.4%	2.1%	0.0%	1.3%	0.0%	1.3%	1.4%	1.3%	1.3%	1.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A positive cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 43, on page 84. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2015/2016 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An adjusted surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9% for the respective financial year of the 2016/17 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 12.8 per cent it is to be expected that the increase in revenue exceed the inflation target figures.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 71.8, 71.7 and 71.7 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 65 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's own-funded capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		115 020	125 055	145 816	179 561	179 561	179 561	173 681	189 893	198 702
Local Government Equitable Share		105 328	118 051	138 797	176 181	176 181	176 181	170 266	188 193	197 002
Finance Management		1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement		998	890	934						
EPWP Incentive		7 193	4 564	4 485	1 780	1 780	1 780	1 790	—	—
				—						
Provincial Government:		418	66	952	—	—	—	—	—	—
Conference & Lodge Centre		72	—	—						
Greenest Town		214	66	—						
Establishment Plan Grant		—	—	809						
Nature Reserve Grant		132	—	143						
District Municipality:		—	7 588	3 646	—	—	—	400	—	—
Election Grant			7 588	—				400	—	—
Mucic Festival										
Other grant providers:		4 705	7 039	2 639	—	—	—	800	—	—
Far, Revenue & Payroll		—	1 635	—	—	—	—	—	—	—
Nature Reserve		—	105	—	—	—	—	—	—	—
Department Of Sport And Recreation		—	161	—	300	—	—	500	—	—
Seta		424	313	12	—	—	—	300	—	—
Vuna		85	—	114	—	—	—	—	—	—
Idp Support		392	274	143	—	—	—	—	—	—
Led Capacity		—	—	94	—	—	—	—	—	—
Archives Central (Pt)		237	—	—	—	—	—	—	—	—
Audit Assets (Pt)		25	196	—	—	—	—	—	—	—
Capacity Building 06/07		—	15	—	—	—	—	—	—	—
Cedarville Emerging Farm		180	19	34	—	—	—	—	—	—
Clean Audit Umzimvubu		—	3 500	—	—	—	—	—	—	—
Grain Storage Azo		—	—	610	—	—	—	—	—	—
Khuthalani Poultry Proj		1 005	184	—	—	—	—	—	—	—
Land Audit (Pt)		224	—	—	—	—	—	—	—	—
Lotto Sportfield Maint		25	—	—	—	—	—	—	—	—
Lums		—	121	—	—	—	—	—	—	—
Museum-Arts & Cult Grant		—	—	—	—	—	—	—	—	—
New It (Pt)		193	—	—	—	—	—	—	—	—
Office Accommodation (Pt)		430	480	—	—	—	—	—	—	—
Pmu Establishment		936	—	—	—	—	—	—	—	—
Small Town&Rural Village		—	37	—	—	—	—	—	—	—
Training Cpmd		206	—	—	—	—	—	—	—	—
Valuation Roll Gis (Pt)		342	—	—	—	—	—	—	—	—
Other Government		—	—	—	—	—	—	—	—	—
Total operating expenditure of Transfers and Grants:		120 143	139 748	153 053	179 561	179 561	179 561	174 881	189 893	198 702
Capital expenditure of Transfers and Grants										
National Government:		28 326	48 775	67 306	77 644	77 644	77 644	124 661	95 420	100 552
Municipal Infrastructure Grant (MIG)		28 326	48 775	45 401	47 644	47 644	47 644	44 661	45 420	50 552
Integrated National Electrification Programme		—	—	21 905	30 000	30 000	30 000	80 000	50 000	50 000
Provincial Government:		—	—	—	—	—	—	—	—	—
District Municipality:		—	—	—	—	—	—	—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
Far, Revenue & Payroll		—	—	—	—	—	—	—	—	—
Total capital expenditure of Transfers and Grants		28 326	48 775	67 306	77 644	77 644	77 644	124 661	95 420	100 552
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		148 469	188 523	220 359	257 205	257 205	257 205	299 692	285 313	299 255

2.8 Table 16MBRR SA23 - Summary of councillor and staff benefits

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Rand per annum								
Councillors	3							
Speaker	4	1	228 652	27 270	476 525			732 447
Chief Whip		1	456 229	8 248	227 865			692 342
Executive Mayor		1	608 305	10 377	290 261			908 943
Deputy Executive Mayor		—	—	—	—			—
Executive Committee		6	2 461 188	200 324	896 915			3 558 427
Total for all other councillors		43	7 723 733	614 621	4 451 154			12 789 508
Total Councillors	8	52	11 478 107	860 840	6 342 720			18 681 667
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 271 478	27 578	256 800			1 555 856
Chief Finance Officer		1	949 730	23 132	224 700			1 197 562
General Manager Corporate Services		1	999 939	20 080	175 091			1 195 110
General Manager Community Services		1	866 270	17 418	308 160			1 191 848
General Manager Economic Development & Planning		1	956 000	12 653	204 000			1 172 653
General Manager Infrastructure		1	930 470	20 860	251 960			1 203 290
<i>List of each official with packages >= senior manager</i>								
Total Senior Managers of the Municipality	8,10	6	5 973 887	121 721	1 420 711	—		7 516 319
A Heading for Each Entity	6,7							
List each member of board by designation								
								—
Total for municipal entities	8,10	—	—	—	—	—		—
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	58	17 451 994	982 561	7 763 431	—		26 197 986

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			85	–	85	85	–	85	61		61
Board Members of municipal entities		4									
Municipal employees											
Municipal Manager and Senior Managers		5									
Other Managers		3	6	–	6	6	–	6	6		6
Professionals		7	20	–	19	20	–	19	15		15
Finance			102	70	4	120	77	5			
Spatial/town planning			44	31	–	40	29	–	40	39	1
Information Technology			13	2	–	23	9	–	8	8	–
Roads			2	–	2	7	2	–	1	1	–
Electricity			27	26	1	31	26	1	31	26	1
Water			6	5	1	8	5	1	8	5	1
Sanitation											
Refuse			10	6	–	11	6	3	11	6	3
Other											
Technicians			5	5	2	5	5	2	5	5	2
Finance											
Spatial/town planning											
Information Technology			–	–	–	–	–	–	–	–	–
Roads			2	2	1	2	2	1	2	2	1
Electricity			3	3	1	3	3	1	3	3	1
Water			–	–	–	–	–	–	–	–	–
Sanitation			–	–	–	–	–	–	–	–	–
Refuse			–	–	–	–	–	–	–	–	–
Other											
Clerks (Clerical and administrative)			4	3	3	4	3	3	4	3	3
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators			9	–	9	9	–	9	9	–	9
Elementary Occupations			103	101	2						
TOTAL PERSONNEL NUMBERS		9	334	179	130	249	85	129	199	93	102
% increase			–	–	–	–	–	–	(20.1%)	9.4%	(20.9%)
Total municipal employees headcount											
Finance personnel headcount		6, 10	41	36	–	40	29				
Human Resources personnel headcount		8, 10	12	8	4	12	8	4			

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue By Source																
Property rates		3 064	3 064	3 064	3 064	3 064	3 064	3 064	3 064	3 064	3 064	3 064	2 721	36 427	38 610	44 713
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		4 128	4 128	4 128	4 128	4 128	4 128	4 128	4 128	4 128	4 128	4 128	4 128	49 536	49 536	49 536
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		673	673	673	673	673	673	673	673	673	673	673	673	8 078	8 482	8 906
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		61	61	61	61	61	61	61	61	61	61	61	101	774	764	110
Interest earned - external investments		467	467	467	467	467	467	467	467	467	467	467	854	5 987	4 200	4 410
Interest earned - outstanding debtors		356	356	356	356	356	356	356	356	356	356	356	356	4 277	4 483	4 698
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		228	228	228	228	228	228	228	228	228	228	228	228	2 730	2 881	3 024
Agency Fees		171	171	171	171	171	171	171	171	171	171	171	171	2 048	2 160	2 268
Licences and permits		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		14 544	14 544	14 544	14 544	14 544	14 544	14 544	14 544	14 544	14 544	14 544	17 395	177 382	190 193	198 702
Other revenue		179	179	179	179	179	179	179	179	179	179	179	138	2 103	1 435	9 624
Gains on disposal of PPE		1	1	1	1	1	1	1	1	1	1	1	1	15	—	—
Total Revenue (excluding capital transfers and contributions)		23 872	23 872	23 872	23 872	23 872	23 872	23 872	23 872	23 872	23 872	23 872	26 766	289 357	302 743	325 992
Expenditure By Type																
Employee related costs		8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	3 147	95 663	99 773	108 432
Remuneration of councillors		1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	18 682	19 616	19 616
Debt impairment		417	417	417	417	417	417	417	417	417	417	417	417	5 000	20 000	20 000
Depreciation & asset impairment		1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	1 233	753	14 320	23 453	24 632
Finance charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bulk purchases		3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	39 100	41 055	43 108
Other materials		—	—	—	—	—	—	—	—	—	—	—	11 242	11 242	11 057	11 118
Contracted services		2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	24 408	25 589	26 868
Transfers and grants		1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	2 693	19 116	21 920	22 261
Other expenditure		5 651	5 651	5 651	5 651	5 651	5 651	5 651	5 651	5 651	5 651	5 651	(337)	61 819	60 864	63 090
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 764	289 350	323 328	339 122
Surplus/(Deficit)		(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	2 002	7	(20 585)	(13 130)
Transfers recognised - capital		10 584	10 584	10 584	10 584	10 584	10 584	10 584	10 584	10 584	10 584	10 584	8 234	124 661	130 400	133 213
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 236	124 668	109 815	120 083
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 403	10 236	124 668	109 815	120 083

Table 17MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		17 243	17 243	17 243	17 243	17 243	17 243	17 243	17 243	17 243	17 243	17 243	17 287	206 963	223 478	247 078
Vote 3 - Corporate		25	25	25	25	25	25	25	25	25	25	25	699	974	300	-
Vote 4 - Development & Planning		109	109	109	109	109	109	109	109	109	109	109	333	1 533	115	121
Vote 5 - Community		1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 219	17 351	16 612	16 705
Vote 6 - Infrastructure		15 600	15 600	15 600	15 600	15 600	15 600	15 600	15 600	15 600	15 600	15 600	15 600	187 198	192 638	195 301
Total Revenue by Vote		34 444	34 444	34 444	34 444	34 444	34 444	34 444	34 444	34 444	34 444	34 444	35 137	414 018	433 143	459 205
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	6 323	43 970	42 350	42 852
Vote 2 - Budget & Finance		4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	4 666	5 019	56 346	78 799	82 552
Vote 3 - Corporate		3 718	3 718	3 718	3 718	3 718	3 718	3 718	3 718	3 718	3 718	3 718	6 804	47 697	47 035	50 062
Vote 4 - Development & Planning		1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	2 306	14 178	13 484	14 322
Vote 5 - Community		3 854	3 854	3 854	3 854	3 854	3 854	3 854	3 854	3 854	3 854	3 854	(2 523)	39 866	48 614	52 382
Vote 6 - Infrastructure		7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	6 835	87 294	93 044	96 951
Total Expenditure by Vote		24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 053	24 764	289 350	323 327	339 122
Surplus/(Deficit) before assoc.		10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 373	124 668	109 816	120 083
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 390	10 373	124 668	109 816	120 083

Table 18MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Development & Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		8	8	8	8	8	8	8	8	8	8	8	8	100	200	300
Vote 3 - Corporate		123	123	123	123	123	123	123	123	123	123	123	123	1 480	1 000	150
Vote 4 - Development & Planning		242	242	242	242	242	242	242	242	242	242	242	242	2 905	2 070	30
Vote 5 - Community		638	638	638	638	638	638	638	638	638	638	638	638	7 651	1 000	1 000
Vote 6 - Infrastructure		11 826	11 826	11 826	11 826	11 826	11 826	11 826	11 826	11 826	11 826	11 826	11 826	141 911	54 980	103 802
Capital single-year expenditure sub-total	2	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	154 046	59 250	105 282
Total Capital Expenditure	2	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	154 046	59 250	105 282

Table 19MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source													0		
Property rates	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	2 268	27 214	28 845	33 404
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	3 084	3 084	3 084	3 084	3 084	3 084	3 084	3 084	3 084	3 084	3 084	3 084	37 008	37 008	37 008
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	503	503	503	503	503	503	503	503	503	503	503	503	6 035	6 337	6 654
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	64	64	64	64	64	64	64	64	64	64	64	64	774	764	110
Interest earned - external investments	499	499	499	499	499	499	499	499	499	499	499	499	5 987	4 200	4 410
Interest earned - outstanding debtors	356	356	356	356	356	356	356	356	356	356	356	356	4 277	4 483	4 698
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	228	228	228	228	228	228	228	228	228	228	228	228	2 730	2 881	3 024
Agency Fees	171	171	171	171	171	171	171	171	171	171	171	171	2 048	2 160	2 268
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	14 782	14 782	14 782	14 782	14 782	14 782	14 782	14 782	14 782	14 782	14 782	14 782	177 382	190 193	198 702
Other revenue	175	175	175	175	175	175	175	175	175	175	175	175	2 103	1 435	9 624
Cash Receipts by Source	22 130	22 130	22 130	22 130	22 130	22 130	22 130	22 130	22 130	22 130	22 130	22 130	265 557	278 304	299 902
Other Cash Flows by Source															
Transfer receipts - capital	10 388	10 388	10 388	10 388	10 388	10 388	10 388	10 388	10 388	10 388	10 388	10 388	124 661	130 400	133 213
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	1	1	1	1	1	1	1	1	1	1	1	1	15	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	4	4	4	4	4	4	4	4	4	4	4	4	49	14	14
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	32 524	32 524	32 524	32 524	32 524	32 524	32 524	32 524	32 524	32 524	32 524	32 524	390 282	408 719	433 130
Cash Payments by Type															
Employee related costs	7 876	7 876	7 876	7 876	7 876	7 876	7 876	7 876	7 876	7 876	7 876	7 876	94 511	99 204	107 233
Remuneration of councillors	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	18 682	19 616	19 616
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	39 100	41 055	43 108
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	937	937	937	937	937	937	937	937	937	937	937	937	11 242	11 057	11 118
Contracted services	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	2 034	24 408	25 589	26 868
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	593	593	593	593	593	593	593	593	593	593	593	593	7 116	5 920	6 061
Other expenditure	4 627	4 627	4 627	4 627	4 627	4 627	4 627	4 627	4 627	4 627	4 627	4 627	55 519	52 564	54 490
Cash Payments by Type	20 881	20 881	20 881	20 881	20 881	20 881	20 881	20 881	20 881	20 881	20 881	20 881	250 578	255 006	268 492
Other Cash Flows/Payments by Type															
Capital assets	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	12 837	154 046	59 250	105 282
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	33 719	33 719	33 719	33 719	33 719	33 719	33 719	33 719	33 719	33 719	33 719	33 719	404 624	314 256	373 774
NET INCREASE/(DECREASE) IN CASH HELD	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(1 195)	(14 342)	94 463	59 355
Cash/cash equivalents at the month/year begin:	(12 711)	(13 908)	(15 101)	(16 296)	(17 491)	(18 686)	(19 882)	(21 077)	(22 272)	(23 467)	(24 662)	(25 857)	(12 711)	(27 052)	67 411
Cash/cash equivalents at the month/year end:	(13 906)	(15 101)	(16 296)	(17 491)	(18 686)	(19 882)	(21 077)	(22 272)	(23 467)	(24 662)	(25 857)	(27 052)	(27 052)	67 411	126 766

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there were no contracts awarded beyond the medium-term revenue and expenditure framework (three years). See table attached:-

Table 57

Description	Ref	Preceding Years	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

The following two tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2	39 511	61 434	62 472	92 632	80 229	79 829	122 011	55 880	104 302	
Infrastructure - Road transport		35 295	48 604	38 899	35 177	30 847	30 847	36 511	47 880	50 552	
Roads, Pavements & Bridges		34 885	48 604	38 899	35 177	30 847	30 847	36 511	47 880	50 552	
Storm water		410	—	—	—	—	—	—	—	—	
Infrastructure - Electricity		4 216	12 517	21 367	50 737	39 704	39 704	82 150	7 000	52 750	
Generation		4 216	—	—	—	—	—	—	—	—	
Transmission & Reticulation		—	—	1 420	—	1 200	1 200	—	—	—	
Street Lighting		—	12 517	19 946	50 737	38 504	38 504	82 150	7 000	52 750	
Infrastructure - Other		—	313	2 206	6 718	9 678	9 278	3 350	1 000	1 000	
Waste Management		—	11	2 206	2 880	5 940	5 940	1 000	1 000	1 000	
Transportation		—	—	—	—	—	—	—	—	—	
Gas		—	—	—	—	—	—	—	—	—	
Other		—	302	—	3 838	3 738	3 338	2 350	—	—	
Community		7	7 561	10 109	7 640	15 632	16 758	17 158	6 150	—	—
Parks & gardens			—	66	—	—	—	—	—	—	—
Sportsfields & stadia	—		2 930	1 385	11 702	12 822	13 222	5 800	—	—	
Swimming pools	—		115	—	—	—	—	—	—	—	
Community halls	7 561		3 984	1 583	2 800	661	661	—	—	—	
Libraries	—		—	—	—	—	—	—	—	—	
Recreational facilities	—		178	1 835	—	—	—	—	—	—	
Fire, safety & emergency	—		564	293	50	—	—	100	—	—	
Security and policing	—		1 848	1 046	1 000	2 245	2 245	250	—	—	
Buses	—		—	—	—	—	—	—	—	—	
Clinics	—		—	—	—	—	—	—	—	—	
Museums & Art Galleries	—		—	—	—	—	—	—	—	—	
Cemeteries	—		—	500	—	—	—	—	—	—	
Social rental housing	—		—	—	—	400	400	—	—	—	
Other	—		423	999	80	630	630	—	—	—	
Investment properties	10	122	—	—	—	—	—	—	—	—	
Housing development		—	—	—	—	—	—	—	—	—	
Other		122	—	—	—	—	—	—	—	—	
Other assets	10	13 381	18 273	33 505	32 993	29 570	27 218	25 786	3 170	680	
General vehicles		9 856	7 318	1 003	4 250	1 900	1 900	501	—	—	
Specialised vehicles		—	—	—	—	—	—	—	—	—	
Plant & equipment		—	570	4 767	515	722	722	900	100	500	
Computers - hardware/equipment		376	—	2 240	1 526	4 473	2 122	1 480	1 000	150	
Furniture and other office equipment		68	1 091	2 061	2 352	2 509	2 509	105	70	30	
Abattoirs		—	—	—	—	—	—	2 800	2 000	—	
Markets		—	—	—	—	—	—	—	—	—	
Civic Land and Buildings		2 092	—	—	—	—	—	—	—	—	
Other Buildings		—	8 037	20 951	23 425	19 040	19 040	20 000	—	—	
Other Land		—	—	—	—	—	—	—	—	—	
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—	
Other		988	1 256	2 483	925	925	925	—	—	—	
Intangibles		1	160	621	—	2 350	—	2 352	100	200	300
Computers - software & programming			—	—	—	2 350	—	2 352	100	200	300
Other (list sub-class)	160		621	—	—	—	—	—	—	—	
Total Capital Expenditure on new assets	1	60 735	90 437	103 617	143 606	126 557	126 557	154 046	59 250	105 282	

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/2017 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Budget & Finance	Vote 3 - Corporate	Vote 4 - Development & Planning	Vote 5 - Community	Vote 6 - Infrastructur e	Total
R thousand	1							
Revenue By Source								
Property rates		–	36 427	–	–	–	–	36 427
Property rates - penalties & collection charges		–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	49 536	49 536
Service charges - water revenue		–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	8 078	–	8 078
Service charges - other		–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	734	–	734
Interest earned - external investments		–	5 987	–	–	–	–	5 987
Interest earned - outstanding debtors		–	4 277	–	–	–	166	4 443
Dividends received		–	–	–	–	–	–	–
Fines		–	–	–	–	2 730	–	2 730
Agency Fees		–	–	–	–	2 048	–	2 048
Licences and permits		–	–	–	–	–	–	–
Other revenue		–	531	–	910	219	484	2 143
Transfers recognised - operational		–	162 725	300	400	3 790	10 000	177 215
Gains on disposal of PPE		–	15	–	–	–	–	15
Total Revenue (excluding capital transfers and contributions)		–	209 963	300	1 310	17 599	60 186	289 357
Expenditure By Type								
Employee related costs		10 311	20 643	20 453	6 393	22 049	21 078	100 927
Remuneration of councillors		18 682	–	–	–	–	–	18 682
Debt impairment		–	5 000	–	–	–	–	5 000
Depreciation & asset impairment		785	2 420	1 500	550	2 250	7 295	14 800
Finance charges		–	–	–	–	–	–	–
Bulk purchases		–	–	–	–	–	39 100	39 100
Other materials		–	–	–	–	–	–	–
Contracted services		–	3 250	10 708	711	10 290	160	25 119
Transfers and grants		150	1 625	–	–	3 790	12 351	17 916
Other expenditure		11 142	23 055	11 949	6 008	7 864	7 790	67 807
Loss on disposal of PPE		–	–	–	–	–	–	–
Total Expenditure		41 069	55 993	44 610	13 661	46 243	87 774	289 351
Surplus/(Deficit)		(41 069)	153 970	(44 310)	(12 352)	(28 644)	(27 588)	7
Transfers recognised - capital		–	–	–	–	–	124 661	124 661
Contributions recognised - capital		–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(41 069)	153 970	(44 310)	(12 352)	(28 644)	97 073	124 668

Table 20MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		72 612	54 310	22 032	18 914	18 914	18 914	18 914	(36 183)	57 549	116 116
Other current investments > 90 days											
Total Call investment deposits	2	72 612	54 310	22 032	18 914	18 914	18 914	18 914	(36 183)	57 549	116 116
Consumer debtors											
Consumer debtors		10 925	11 456	27 596	14 523	14 523	14 523	14 523	22 253	22 409	22 573
Less: Provision for debt impairment		(6 049)	(8 758)	(9 390)	(9 821)	(9 821)	(9 821)	(9 821)	(10 774)	(10 849)	(10 929)
Total Consumer debtors	2	4 877	2 699	18 206	4 702	4 702	4 702	4 702	11 479	11 560	11 644
Debt impairment provision											
Balance at the beginning of the year		(6 049)	(8 758)	(9 390)	(9 821)	(9 821)	(9 821)	(9 821)	(10 774)	(10 849)	(10 929)
Contributions to the provision		—	—	—	—	—	—	—	—	—	—
Bad debts written off		—	—	—	—	—	—	—	—	—	—
Balance at end of year		(6 049)	(8 758)	(9 390)	(9 821)	(9 821)	(9 821)	(9 821)	(10 774)	(10 849)	(10 929)
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		505 972	630 246	734 464	851 447	834 670	834 670	834 670	1 015 067	1 074 317	1 179 599
Leases recognised as PPE	3	—	—	—	—	—	—	—	—	—	—
Less: Accumulated depreciation		84 738	109 999	133 411	20 905	20 668	20 668	20 668	168 610	192 063	216 695
Total Property, plant and equipment (PPE)	2	421 234	520 247	601 053	830 542	814 002	814 002	814 002	846 457	882 254	962 904
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—
Current portion of long-term liabilities		—	—	—	—	—	—	—	—	—	—
Total Current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Trade and other payables											
Trade and other creditors		13 870	19 490	25 774	27 235	27 235	27 235	27 235	31 207	31 663	32 947
Unspent conditional transfers		16 227	8 697	8 049	—	—	—	—	—	—	—
VAT		—	—	—	—	—	—	—	—	—	—
Total Trade and other payables	2	30 097	28 187	33 823	27 235	27 235	27 235	27 235	31 207	31 663	32 947
Non current liabilities - Borrowing											
Borrowing	4	—	—	—	10 282	10 282	10 282	10 282	—	—	—
Finance leases (including PPP asset element)		—	—	—	—	—	—	—	—	—	—
Total Non current liabilities - Borrowing		—	—	—	10 282	10 282	10 282	10 282	—	—	—
Provisions - non-current											
Retirement benefits		6 218	7 460	8 699	10 643	11 481	11 481	11 481	10 577	11 031	11 988
Cleaning Of Illegal Dumping		—	—	—	—	—	—	—	—	—	—
Cleaning Of Alien Vegetation		—	—	—	—	—	—	—	—	—	—
Long-Term Service		1 479	1 919	2 236	—	—	—	—	2 663	2 777	3 018
Rehabilitation Of Land-Fill Sites		10 112	10 384	10 128	—	—	—	—	9 878	9 635	9 397
Other		—	—	—	—	—	—	—	—	—	—
Total Provisions - non-current		17 809	19 762	21 063	10 643	11 481	11 481	11 481	23 118	23 443	24 404
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		308 088	261 831	544 741	—	—	—	—	—	—	—
GRAP adjustments		341 268	216 865	483 576	544 741	544 741	544 741	544 741	700 687	501 890	629 926
Restated balance		—	—	—	(18 953)	(44 309)	(44 309)	(44 309)	(323 465)	18 220	16 148
Surplus/(Deficit)		341 268	216 865	483 576	525 788	500 432	500 432	500 432	377 222	520 110	646 074
Appropriations to Reserves		(33 180)	44 965	61 165	75 270	75 575	75 575	75 575	124 668	109 815	120 083
Transfers from Reserves		—	—	—	—	—	—	—	—	—	—
Depreciation offsets		—	—	—	—	—	—	—	—	—	—
Other adjustments		—	—	—	124 680	124 680	124 680	124 680	—	—	—
Accumulated Surplus/(Deficit)	1	308 088	261 831	544 741	725 737	700 687	700 687	700 687	501 890	629 926	766 156
Reserves											
Housing Development Fund		1 666	1 666	1 690	—	—	—	—	1 690	1 690	1 690
Capital replacement		2 625	40 673	40 673	—	—	—	—	40 673	40 673	40 673
Self-insurance		—	—	—	—	—	—	—	—	—	—
Trust Fund		—	—	—	—	—	—	—	—	—	—
COLD Reserve		—	—	—	—	—	—	—	—	—	—
Capitalisation Reserve		0	—	—	—	—	—	—	—	—	—
Donations & Public Contributions Reserve		—	55	55	—	—	—	—	55	55	55
Government Grants Reserve		120 422	176 449	—	—	—	—	—	176 449	176 449	176 449
Revaluation		62 601	95 758	50 338	105 334	105 334	105 334	105 334	95 758	95 758	95 758
Total Reserves	2	187 314	314 600	92 755	105 334	105 334	105 334	105 334	314 625	314 625	314 625
TOTAL COMMUNITY WEALTH/EQUITY	2	495 402	576 430	637 497	831 071	806 021	806 021	806 021	816 515	944 550	1 080 781

2.7 Municipal Manager's quality certificate

I, Damian Nakin, Municipal Manager of Matatiele Local Municipality, hereby certify that the Annual budget 2016/17 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Matatiele Local Municipality (EC 441)

Signature _____

Date _____